S. HRG. 99-1095

INTERNAL MIGRATION—POPULATION CHANGES IN THE UNITED STATES TO THE 21ST CENTURY

HEARING

BEFORE THE

SUBCOMMITTEE ON
ECONOMIC RESOURCES, COMPETITIVENESS,
AND SECURITY ECONOMICS

OF THE

JOINT ECONOMIC COMMITTEE
CONGRESS OF THE UNITED STATES

NINETY-NINTH CONGRESS

SECOND SESSION

SEPTEMBER 18, 1986

Printed for the use of the Joint Economic Committee

U.S. GOVERNMENT PRINTING OFFICE

76-533 WASHINGTON : 1987

For sale by the Superintendent of Documents, Congressional Sales Office
U.S. Government Printing Office, Washington, DC 20402

J84-32

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CONTENTS

WITNESSES AND STATEMENTS

THURSDAY, SEPTEMBER 18, 1986

	Page
Scheuer, Hon. James H., member of the Subcommittee on Economic Resources, Competitiveness, and Security Economics, presiding: Opening statement	1
Engels, Richard A., Assistant Division Chief, Population Division, U.S. Bureau of the Census	2
Brown, David L., Associate Director, Agriculture and Rural Economics Division, Economic Research Service, U.S. Department of Agriculture	17
Kasarda, John D., chairman, Department of Sociology, University of North Carolina at Chapel Hill	47

SUBMISSIONS FOR THE RECORD

THURSDAY, SEPTEMBER 18, 1986

Brown, David L.: Prepared statement	24
Engels, Richard A.: Prepared statement	7
Kasarda, John D.: Prepared statement	58

INTERNAL MIGRATION—POPULATION CHANGES IN THE UNITED STATES TO THE 21ST CENTURY

THURSDAY, SEPTEMBER 18, 1986

CONGRESS OF THE UNITED STATES, SUBCOMMITTEE ON ECONOMIC RESOURCES, COMPETITIVENESS, AND SECURITY ECONOMICS OF THE JOINT ECONOMIC COMMITTEE,
Washington, DC.

The subcommittee met, pursuant to notice, at 11:05 a.m., in room 2359, Rayburn House Office Building, Hon. James H. Scheuer (member of the subcommittee) presiding.

Present: Representatives Scheuer and Fiedler.

Also present: William Buechner, professional staff member.

OPENING STATEMENT OF REPRESENTATIVE SCHEUER, PRESIDING

Representative SCHEUER. Good morning.

Today, the Joint Eonomic Committee's Subcomittee on Economic Resources, Competitiveness, and Security Economics is conducting the seventh in a series of hearings on demographics in our country.

This hearing is on the social and economic consequences of internal migration within the United States. Other hearings of this series, the six that have preceded this one today, included three hearings earlier this summer on the problem of legal and illegal immigration and three hearings on the social and economic consequences of the rapid aging of the American population, the so-called graying of the population.

Today's hearing is on the fascinating subject of population trends within the United States.

Americans, of course, have always been on the move and are on the move more than any other people in any other country. Between now and the beginning of the 21st century, millions of Americans will pull up stakes and move from one part of the country to another in pursuit of economic opportunity and a better quality of life.

It has happened time and again in our history and throughout our history. During the 19th century, people moved westward in massive numbers as we transformed our country from a sliver of States along the Eastern Seaboard to one that spanned the entire continent.

The first half of this century saw millions of Americans move from farms to cities and cities to suburbs and suburbs to exurbia, and most recently we have seen millions of people moving from the

Northeast and the Midwest to the South, the Southwest, and the West, the so-called Sun Belt.

We are very fortunate today in having three of the Nation's top demographic experts with us to discuss the outlook for population change in the United States as we move into the 21st century and to help us look at some of the tremendous economic and social implications of these changes.

The question that is foremost, I guess, in most of our minds is whether the migration from the North and the Midwest to the Sun Belt—California, Texas, Arizona, and New Mexico—will continue or whether some kind of more balanced population growth will be the future trend, and in addition, we would like to take a look at some other issues, including the future of our cities, the delicate balance between job growth and population growth, the health of our nonmetropolitan areas, and some State-by-State population projections.

Our witnesses today will be Richard Engels, Assistant Division Chief in the Population Division of the U.S. Bureau of the Census, which is the office most responsible for disseminating current information on migration trends; John Kasarda, Ph.D., professor and chairman of the Department of Sociology at the University of North Carolina at Chapel Hill, a widely respected analyst of migration patterns; and, finally, David Brown, Ph.D., who is Associate Director of the Agriculture and Rural Economics Division of the Economic Research Service of the U.S. Department of Agriculture, a leading authority on rural trends.

I look forward to hearing their testimony.

Before starting the testimony, I want to again give credit to the Population Resource Center for the enormous and invaluable assistance they have given us at every point along the line in planning these hearings and bringing them to the successful conclusion that they have. They have been of inestimable and inexpressible assistance to me and the committee staff, and we are very, very grateful to them for their marvelous assistance.

I regret there are no other members present. I guess we got so caught up in the fervor of Corazon Aquino that it has discombobulated us for more mundane affairs.

First, I would ask each of you to chat for 8 or 10 minutes and hopefully not read your prepared statements, which will be printed in their entirety in the record.

After the three of you have spoken your piece, I am sure we will have some questions and we may even have some informal interchange while the testimony process is going on.

Mr. Engels, why don't you start out? We are very, very happy to have you here this morning.

STATEMENT OF RICHARD A. ENGELS, ASSISTANT DIVISION CHIEF, POPULATION DIVISION, U.S. BUREAU OF THE CENSUS

Mr. ENGELS. Thank you, Mr. Chairman. You have given us a challenge. Mrs. Aquino is a tough act to follow, but we will give it a try.

Thank you for the opportunity to brief the committee on what we think are some of the most important population patterns taking place in the Nation's population now.

There are many and there are lots of details that could be raised that are interesting, but I would like to concentrate on two particularly interesting patterns and make sure we take at least an understanding of those two away with us today.

The first is the continuation of the pattern of rapid growth and more rapid growth than any other area of the country in the South and West, and the second is an interesting twist of events that has wound its way through the last 10 or 15 years in terms of a return of more rapid growth in our metropolitan population.

The first pattern should come as no surprise. As you mentioned, it is a continuation of a pattern that was well established during the 1970's. The growth in the South and West has been well reported, and what we are here to do today, I guess, is to confirm that that has continued into at least the middle of the 1980's with about the same vigor as it had during the 1970's.

The growth in the West is just about on track with what occurred in the 1970's, at 11 percent. During the 1970's it was around 23 or 24 percent, and we are only halfway through the decade at this point.

The same thing for the South. It is growing at around 9 percent and had something around 20 percent for the 1970's. So you can see they are about on track with what occurred during the previous 10 years.

The Northeast is well behind at a growth rate of 2 percent so far for the decade, and the Midwest is last at 1 percent. There are some interesting patterns there, but we will concentrate on the South and West for a minute more.

The impact of that continued change is fairly well evident in the fact that almost all, 91 percent, of the change in the population that has occurred since 1980, in the first half of our decade, has occurred in the South and West. They have just about accounted for the entire growth in the United States.

If we look at local areas even more closely, all 10 of the fastest growing States in that period were found in the South and West. Also, all of the metropolitan statistical areas—these are the areas that are defined as metropolitan by the Office of Management and Budget—all of those, also, the 50 most rapidly growing areas are found in the South and West.

And if we look even at a lower level, at counties, 49 out of the 50 fastest growing counties are found in the South and West. A fairly impressive record.

One thing that can't be forgotten, though, is the Northeast. It is well behind the impressive record of the South and West at 2 percent. But you have to keep in mind what happened during the previous decade. It was not a good one for the Northeast. It gained a little bit of population, but below 1 percent. There was 0.2 percent growth during that period, during the 1970's.

Now, it is—I would hate to use the word "comeback"—but it is showing some modest and consistent and steady growth. That is impressive, given the difficulty in the 1970's.

The Midwest is another picture. It is not losing. It lost population as a region during the 1981–82 period, which was the height of the recession period, but during the entire first half of the decade it is not losing. It has gained some population since 1982, and it has turned things around a little bit. So we are beginning to see some changes in the pattern there.

Nonetheless, all 12 States in that region still have population outmigration. So the good times haven't totally returned, and there is still cause for concern.

Three States in that region have actually still encountered population losses, in Iowa, Michigan, and Ohio in the first half of the decade.

Since that time, however, Michigan and Ohio have begun to turn things around and are now gaining population again. Iowa, though, is still in difficulty, and it has continued to lose population over the last 4 years, and there is not much sign there of a turnaround at this point.

Back looking at some of the metropolitan statistical areas, if we look at not the most rapidly growing areas, but the 50 most rapidly losing areas in the country, 32 of them were found in the Midwest. So it is a sign that things are not all well there as far as population growth. And only 7 of those 50 are found in the South or West.

An interesting feature arises, though, when you look at counties. There is a mixed pattern there. If you look at the areas of the counties that are losing the most rapidly, only 17 of them are in the Midwest. That is an interesting finding. Only 10 of them are in the West, and 20 of them are in the South, where we expect more rapid growth.

The key here is that in the other two regions, in the Midwest and West, all of the losing population counties are scattered pretty well. In the South, with the 20 that are found there, there is a heavy concentration in Texas, and with the energy situation as it is I think that is probably a link.

During the early part of the decade, six States have lost population, and that is a fairly high number. They are the three in the Midwest that we already mentioned plus the District of Columbia, West Virginia, and Pennsylvania.

In the last year some of these areas have begun to turn around again. So the pattern is not even throughout the early 1980's. The District of Columbia, Michigan, and Ohio I mentioned have already begun to increase in population again, and they have been replaced by North Dakota, Oklahoma, and Wyoming.

Wyoming's story is a particularly interesting one. Alaska had previously been the smallest State in the country, since it was introduced as a State in 1959. With the losses in Wyoming in recent years, they have now for the first time become the smallest State. It is an interesting year.

With respect to the metropolitan/nonmetropolitan shifts, probably there was not—well, there may have been some, but I am going to say there was not a demographic finding in the United States during the 1970's that generated as much interest or research or speculation during the 1970's as did the switch from a 100-year history of more rapid growth in our metropolitan areas to consistently more rapid growth in the nonmetropolitan areas. As I

said, it generated a good bit of interest, speculation, and was one of the fun things that occurred during the 1970's.

The experience during the 1980's indicates that it has softened, and it looks like there has been a reversal back to the original pattern again. Nonmetropolitan population growth seemed to have softened some in the late 1970's and is softening even more as we get further into the 1980's. It looks like indeed the reversal has happened, and it strengthens each year.

If you look at table 1 in the back of my prepared statement, it shows some figures that follow that pattern and shows the strengthening each year. By this point, 1985, halfway through the decade, there are about 2.2 percentage points difference between the growth rate in the two kinds of areas. So it is fairly significant.

I am sure Dave Brown will pick up on that side of things in his comments.

Although there have been some turnarounds in some of the metropolitan areas, the real cause of the more rapid growth in metropolitan areas now than during the 1970's seems to be the fault of the nonmetropolitan areas.

Metropolitan areas during the 1970's and 1980's grew at 1 percent a year just like clockwork. They are continuing to do that. But during the 1970's, the rural areas were growing at about 1.3 percent a year, well above the metropolitan areas.

Now that has dropped off, and the fact that the metropolitan areas are growing faster than the nonmetropolitan areas seems to be a result of that shift.

This is fairly well documented if you look again at local areas in the number of counties that are losing population. During the 1970's, only 20 percent of the nonmetropolitan counties lost population. Now it is around 36 percent for the first half of the decade, and in the last year it was around 50 percent. You see that it is picking up a fair amount of speed, and it begins to be a more serious pattern each year.

This pattern seems to be fairly well spread through most of the regions except for the Northeast. There the nonmetropolitan areas are still ahead of metropolitan areas in terms of growth and have been pretty well consistently through the first half of the decade.

The largest differential in the two growth rates is in the South, and as we get further into the decade the differential in the West comes to be more and more in favor of the metropolitan areas.

During the 1970's, around 25 States had faster growing nonmetropolitan population than metropolitan, and now that number has dropped down to 18.

So again, this is a fairly consistent pattern in that each thing you look at seems to reflect the same kind of finding.

The States in which we still do have more rapid growth in the nonmetropolitan population are Alaska, Arizona, Nevada, and Texas, and they range from around 36 percent growth to 17 percent growth.

A third—and I will finish up here—a third pattern I think comes along in looking at all of this. The area to watch in terms of what is happening now and in the next few years continues to be suburban counties. They are the metropolitan counties that aren't the central area of the metropolitan area, but the suburban fringe.

They tend to be consistently high in growth and are so far growing at around 9 percent during the first half of the decade. That is a fairly steep rate. It is almost 2½ times the growth in the nonmetropolitan counties and brings with it both the good news and the bad news of growth.

They don't seem to be faltering in heavy growth and might be an area that really deserves some attention in the next few years.

Thank you.

[The prepared statement of Mr. Engels follows:]

PREPARED STATEMENT OF RICHARD A. ENGELS

INTRODUCTION

Mr. Chairman, thank you for this opportunity to brief the Committee on some of the recent trends that are occurring in our Nation's population. While there are many interesting population developments that cound be discussed, I would like to concentrate here today on two major geographic patterns that have occurred in the last few years:

1. Population growth is continuing to occur more rapidly in the South and West, and
2. We have returned to a pattern of more rapid growth in our metropolitan population than is occurring in our nonmetropolitan population.

The South and West

It is not surprising that the South and West are the most rapidly growing areas, since this was the dominant pattern of population growth that was found during the the 1970s. I want to confirm here today that the pattern has continued into the middle of the 1980s as well. The West grew the fastest between 1980 and 1985 at 11 percent. The South was next at 9 percent, and the Northeast and Midwest followed with 2 percent and

1 percent each. The South and West combined accounted for 91 percent of the growth that occurred in the Nation in the first half of this decade. This is reflected in the fact that all of the 10 fastest growing states are located in the South and West. Along the same line, 49 of the 50 fastest growing counties were in the South and West, and all of the 50 fastest growing metropolitan statistical areas were in those two regions.

The modest growth that has occurred recently in the Northeast cannot compare to what has taken place in the South and West, but it is significant that the region has replaced the population losses that it experienced during the 1970s with an increase so far in the 1980s. The Midwest has begun to recover from the population losses that occurred between 1981 and 1982, but the turnaround has been slow and is marred by continued losses in the states that have a large manufacturing, energy or agricultural base. All 12 states in the region are continuing to experience outmigration, but only Iowa, Michigan, and Ohio have actually lost population in the first half of the 1980s. Both Michigan and Ohio began to grow again in 1984, but Iowa has continued to lose population in each of the last 4 years. The 5 states that have lost population in the first half of the 1980s are Iowa, Michigan, Ohio that were mentioned before, Pennsylvania, West Virginia and the District of Columbia. The experience of the most recent year shows the District of Columbia, Michigan, and Ohio recovering somewhat and being replaced by three other losing states (North Dakota, Oklahoma, and Wyoming) where

energy development and production are an important part of the economy. Other states even in the South and West that rely on energy as a large part of their economies have not experienced losses yet, but have gone through a period of much slower growth than in the early 1980s.

The population losses in the last 2 years have particularly affected Wyoming. The declines have now made it our smallest state. Alaska had held that distinction since it was admitted as a state in 1959.

The heavy population losses that have been experienced in the Midwest during the early 1980s are evident in the fact that 32 of the 50 metropolitan statistical areas losing the most population in the early 1980s are located in the Midwest. Eleven more of the 50 are located in the Northeast, and only 7 are in the South or West. A more mixed pattern is found for the 50 counties that had the greatest population losses. Only 17 of the counties are located in the Midwest. The effects of energy cutbacks are seen in the population losses for 20 counties in the South and 13 counties in the West. The losses in the Midwest are scattered through 10 states. The losing counties are also scattered through 10 states in the West, but the 20 losing counties in the South are concentrated primarily in Texas.

Metropolitan-Nonmetropolitan Shifts

During the 1970s, there were few developments in the demography of the United States that generated more interest, speculation, and research than the rapid growth of the nonmetropolitan population compared to its metropolitan counterpart. After decades of sluggish growth and a history of heavy population losses for many nonmetropolitan areas, the growth rate for the nonmetropolitan population surpassed the rate for the metropolitan population. The pattern became so well publicized and celebrated that terms such as "nonmetropolitan revival" and "rural renaissance" became commonplace.

However, even though the pattern found in the 1970s was a clear reversal in the 100-year dominance of metropolitan growth, there were signs in the late 1970s that the higher nonmetropolitan growth might be temporary. The signs became even stronger each year as the population estimates became available for years after the 1980 census. By the middle of the 1980s, it was possible to verify (1) that the pattern had indeed reversed so that the growth rate for the metropolitan population again exceeds the nonmetropolitan rate, and (2) that the gap between the two is widening. Table 1 shows the comparison for the entire 5-year period and the annual rates for selected years.

The differential between the growth rates for the metropolitan and nonmetropolitan populations is now 2.2 percentage points. The comparison of annual rates since 1980 shows a pronounced strengthening in the differential in favor of metropolitan population growth with each passing year. It is also clear from Table 1 that the increasing differential is entirely due to a substantial decline in the rate for the nonmetropolitan population each year since 1980. During the 1970s, the annual growth rate for the metropolitan population was only 80 percent of the rate for the nonmetropolitan population. The rate of increase for the metropolitan population was 1.0 percent per year at that time. That annual growth rate has persisted through 1985 for the metropolitan population while the annual rate of increase for the nonmetropolitan population has slipped dramatically from its 1.3 percent level during the 1970s to 0.3 percent for the most recent year. This extremely low growth rate for the nonmetropolitan population in the most recent year is particularly noteworthy.

A similar pattern of slippage in nonmetropolitan areas is found in Table 2. During the 1960s, approximately 55 percent of the nonmetropolitan counties lost population. The nonmetropolitan turnaround is evident during the 1970s when only 20 percent of the nonmetropolitan counties lost population. During the first half of the 1980s, the percentage has increased again to 36 percent. This is reflected in the fact that the metropolitan

population increase (10,196,400) was over five times the increase for the nonmetropolitan population (2,005,500) between 1980 and 1985.

It is also evident from Table 2 that the losses are much more serious for nonmetropolitan areas in recent years. In the 1984-85 period, over half of the nonmetropolitan counties lost population while only 32 percent lost population between 1980 and 1981. Since energy and agricultural activity is concentrated primarily in nonmetropolitan areas, it is likely that the difficulties in these two industries have contributed in a major way to the more serious losses in these areas in recent years.

In summary, it is clear from the evidence in the first half of the 1980s that the United States has returned to the historical pattern of higher growth in metropolitan areas. It is also a possibility that if the trends shown in Tables 1 and 2 continue, the metropolitan/nonmetropolitan relationships for the 1980s may return to the patterns that prevailed during the 1960s.

Regional Comparisons--The pattern of higher metropolitan growth rate is found in all regions of the United States except the Northeast for the 1980-85 period. The largest differential in favor of metropolitan growth is found in the South, but the differential in the rates is beginning to grow in the West. This is due to the fact that in the first few years of the 1980s, the two rates were approximately equal in the

West, but by the most recent year the nonmetropolitan growth rate had dropped to less than half of the metropolitan rate. This is similar to the relationship that the two rates have maintained in the South throughout the 1980s. In the Midwest the nonmetropolitan population is declining now while the metropolitan population has recovered from a pattern of losses. The pattern of small gains each year for both the metropolitan and nonmetropolitan population in the Northeast has persisted with little change throughout the early 1980s.

During the 1970s, 25 states experienced faster growth in their nonmetropolitan population than in their metropolitan areas. The number of states with faster nonmetropolitan growth during the 1980s has declined to 18. They are concentrated in a cluster of Midwestern and Northeastern states, and a group of mountain states in the West. The states with the most rapid growth rate in the metropolitan population are Alaska (36 percent), Arizona (19 percent), Nevada (17 percent), and Texas (17 percent). The states in which the growth in the metropolitan population dominates the nonmetropolitan growth the most are Alaska, South Dakota, Georgia, and Texas.

The Areas to Watch--The most consistent and rapid growth that is occurring now for any group of counties in the Nation is taking place in the suburban counties of metropolitan areas; that is, counties that are metropolitan, but are not in the central city core area. These outer counties of metropolitan areas have

historically had high rates of growth, and that is still the case. They have increased at 9.0 percent in the first half of the 1980s, 1.6 times the rate for central counties and 2.4 times the rate for the nonmetropolitan counties. It should also be noticed that even though the central counties of metropolitan areas grew much more slowly than the outer counties, they still increased more rapidly than nonmetropolitan counties by two percentage points (5.7 percent vs. 3.7), and they equalled the rate for even the fastest growing nonmetropolitan category. They are clearly the established growth areas that show little sign of slowing, but they also bring with them the usual problems that accompany rapid growth in metropolitan areas.

Conclusion

Although surprises do occasionally occur in the development of the Nation's population patterns, the continuation of more rapid growth in the South and West is an established pattern that is still strong during the 1980s. The return to more rapid growth in our metropolitan population also is a pattern that should remain with us through the rest of the 1980s and indeed seems to be strengthening each year.

I look forward to any comments or questions you might have.

Table 1
Growth Rates for the United States
Metropolitan and Nonmetropolitan Population:
Selected Years 1980-85*

Years	Percentage Change Metropolitan	Nonmetropolitan	Ratio Metro/Nonmetro
1980-85	5.9	3.7	1.6
Annual Rates:			
1970-80	1.0	1.3	0.8
1980-81	1.1	0.9	1.2
1981-82	1.1	0.8	1.4
1983-84	1.0	0.7	1.4
1984-85	1.1	0.3	3.7

Table 2
Percentage of Nonmetropolitan Counties
Losing Population:
Selected Periods 1960-85*

Years	Losing Population
1960-70	55
1970-80	20
1980-85	36
1980-81	32
1981-82	41
1984-85	51

Table 3
Percent Change in Population
for Metropolitan and Nonmetropolitan Counties
by Regions: 1980-85*

	METROPOLITAN				NONMETROPOLITAN			
Region	1980-1985	1980-1981	1981-1982	1984 1985	1980-1985	1980-1981	1981-1982	1984-1985
United States	5.9	1.1	1.1	1.1	3.7	0.9	0.8	0.3
Northeast	1.4	0.2	0.1	0.3	2.0	0.3	0.3	0.3
Midwest	0.7	1.3	-0.1	0.4	0.1	0.2	-0.1	-0.2
South	10.5	2.1	2.2	1.7	4.9	1.0	1.2	0.6
West	11.1	2.0	2.0	2.1	9.3	2.3	2.1	0.9

*A comparison of 1982-83 is excluded from all tables because of a lack of comparability in the population estimates for that pair of years.

Representative SCHEUER. Thank you very much.

Let me just translate that into a form that catches Congressmen's attention, the redistricting.

We understand from the 1983 census reports of State-by-State population growth that in the 1990 census, which will be reflected in the 1992 reapportionment, California will be the largest State of the Union and will gain three seats. Texas and Florida will be the second and third States, and they will gain four seats, and New York will be the fourth State and will lose five seats.

Now these are from your 1983 report. Now we are halfway through the decade, this is now 1986 as against 1983. Do those figures more or less stand up?

Mr. ENGELS. No, they reflect the frailties of the kind of work we are in.

Representative SCHEUER. I hope they won't stand up. [Laughter.]

Mr. ENGELS. For your sake, that's good.

The 1983 report was based on the patterns in the 1970's that I mentioned, and several of those have not held up well during the 1980's. The work on that report was done in 1981 and 1982, and doesn't take into account what has happened in the 1980's. For example, the Northeast--New York, in fact, is doing much better during the 1980's than it had during the 1970's.

California and Texas are still picking up. Between California, Texas, and Florida, there is a large piece of population growth, even now, that is taken up by those three States. But New York was, in fact, losing population during the 1970's. It isn't now. It's up something like 225,000 people since 1980. Even though it ranks 13th or thereabouts in the amount of population gained since 1980, that is a fair amount of population growth. We will be coming out with a new set of projections next year, and I suspect that the pattern that you see there will not be the same one that you have in your hand.

Representative SCHEUER. When will you be coming out with yours?

Mr. ENGELS. That will be next year.

Representative SCHEUER. In 1987.

Mr. ENGELS. Probably in the spring of next year.

And it will take into account some of the things that have happened since 1980.

Representative SCHEUER. Let me mention to you a couple of recent—more recent projections showing New York losing fewer districts than these 1983 projections of the Bureau of the Census. In 1983, the National Planning Association projected a three-district loss for New York as against your projection of a five-district loss, while a 1985 projection by the Bureau of Economic Analysis of the Commerce Department projected a loss of only two districts.

I am beginning to smile again. [Laughter.]

How do these projections differ and which of these results do you think is likely to come about?

Mr. ENGELS. Well, I think ours will tend to agree more with both of those——

Representative SCHEUER. Just based on the fact that you will now take into account more recent trends.

Mr. ENGELS. Right. Both of those groups took into account more of what had happened during the early 1980's than we had. There is a danger in doing that. You run a risk of running projections out for 20 years, based on what you see in 2 or 3 years around the current area, but nonetheless, I think you need to take it into account to some degree. Now we are 5 years into the decade, and I think that probably what we will see as results will come very close to theirs.

Perhaps the NPA and BEA projections may not have even found as much of the shifting going on in the Midwest and the South as we will. There has been a huge exchange of migration between those two areas, Michigan and Texas, in particular, in the last 5 years. We will begin to pick those up in our projections, and I think they probably did, to some extent.

Representative SCHEUER. So you think it is quite possible or even likely that New York State will lose two or three seats rather than the five seats indicated by your 1983 projection?

Mr. ENGELS. More than likely, we will come into much closer agreement with theirs; yes.

Representative SCHEUER. You made my day. [Laughter.]

All right. We have a rollcall vote going on now, so I am going to suspend for about 12 or 13 minutes, and then we will get on with the next witnesses.

Thank you very much, Mr. Engels. We will probably have some more questions for you.

[A short recess was taken at this point.]

Representative SCHEUER. We've been joined by Congresswoman Bobbi Fiedler of California. We are very happy to have her.

All right. The next witness is David Brown, Associate Director, Agriculture and Rural Economics Division of the Economic Research Service of the Department of Agriculture.

We are glad to have you, Mr. Brown. If you would take approximately 8 or 10 minutes just chatting with us informally, I am sure that we will have some questions with you once we've heard from Mr. Kasarda.

STATEMENT OF DAVID L. BROWN, ASSOCIATE DIRECTOR, AGRICULTURE AND RURAL ECONOMICS DIVISION, ECONOMIC RESEARCH SERVICE, U.S. DEPARTMENT OF AGRICULTURE

Mr. BROWN. My testimony today is going to focus on what is different about the demographic and economic situation in nonmetropolitan America compared with the decade of the 1970's.

As Richard Engels has told you before, during the 1970's we had a quite unexpected turnaround in population between metropolitan and nonmetropolitan areas, in which the nonmetropolitan population, for the first time in a century, exceeded the metropolitan population. The most important factor in this turnaround was migration—we had both an increase in migration to nonmetropolitan areas and a reduction in outmigration. So the nonmetropolitan areas were retaining more of their population, as well as attracting population.

Data since 1980, and actually in the later part of the 1970's, showed a reduction in nonmetropolitan growth and by the early

1980's, we have a situation in which the turnaround has turned back around. So metropolitan areas are now growing more rapidly than nonmetropolitan areas.

Now basically, what is happening is that the metropolitan population growth rate has been relatively stable through the 1970's and into the 1980's. It has increased a bit recently, but the nonmetropolitan population growth rate has diminished substantially.

So the balance of population change now is in favor of metropolitan areas once again.

The reasons for this, which I will talk about in some detail in a minute, I believe are very heavily involved with economics—the economic situation in rural America. My bottom line, basically, is that the recession is not over in nonmetropolitan America, particularly in nonmetropolitan areas that are based in their economies on agriculture, resource-based industries and manufacturing. We don't yet have a coherent explanation of why nonmetropolitan population growth has turned back to favor metropolitan areas since 1980, but there are some very clear clues about what is happening, and I want to take some time and talk about some of those things.

First of all, I am going to talk about the delayed recovery from the recession. Second, I am going to talk about a restructuring of the rural economy, what is happening to the types of industries that are in rural areas and how that is changing. And third, I want to talk about the farm financial crisis.

Now in Dave Engels talk before, when he was talking about the State-by-State estimates, he made a point about the situation in Iowa and in the Dakotas and some other places. And it is quite obvious, as you look at some of the maps that I have appended to the back of my prepared statement, where you look at the change between 1970 and 1980 and 1980 to 1984, that population decline in nonmetropolitan America is more into the Corn Belt and less concentrated in the Great Plains. So the nonmetropolitan decline has spread to agricultural and resource-based areas.

Just for a few numbers to keep in mind, during the 1960's when we had the traditional period of metropolitan areas growing faster than nonmetropolitan areas, about 1,300 nonmetropolitan counties lost population. During the 1970's when we had the nonmetropolitan turnaround, when nonmetropolitan areas grew faster than metropolitan areas, only about 450 nonmetropolitan areas declined. Now between 1980 and 1985, over 800 nonmetropolitan areas are declining in population.

I am not sure whether this signals a return to widespread population decline throughout rural America. I personally don't think so, but we certainly are in a period where there is abundant evidence that many, many more nonmetropolitan areas are losing their population or are not able to gain population from other areas.

Now at the break we were talking a little bit, some of us, and the question was asked, well, what about these areas that grew during the 1970's for reasons other than traditional economic reasons? Are they still growing? And the answer to that is, in some cases, yes. They are continuing to grow. And these are generally areas in the Southwest, in the South, that are not associated heavily in their economies with agriculture, minerals or manufacturing, that have

recreation and retirement-based economies. They tend to be places that were growing, where an important part of the motivation for growth was noneconomic, if you will.

There has to be enough basic economic activity in an area to support the general population. People do have to make a living, but in an area that is growing substantially because of inmigration of retirement age people, these people bring their incomes with them, and their incomes are less effected by cycles in the economy. So those areas tend to be doing a lot better than the areas that are shown on the map that are having decline or reduced growth.

Prior to 1970, unemployment was always lower in nonmetropolitan areas than in metropolitan areas. And this was because nonmetropolitan areas were substantially separated from the mainstream of the economy, they weren't as vulnerable to recessions and other cycles of the economy as the metropolitan economy. But as the economy in nonmetropolitan areas changes, as we get a greater representation of services, and particularly manufacturing in nonmetropolitan areas, they were very vulnerable to goods producing recessions. And so during the most recent recession in the early 1980's, the nonmetropolitan unemployment rate rose more rapidly than the metropolitan rate, peaked at a higher level and has stayed there. We really have not had a complete recovery in nonmetropolitan areas from the recession.

There is a table in my prepared statement that you can take a look at, and it shows you that the nonmetropolitan rate has been higher than the metropolitan throughout the 1980's and, in fact, in 1985, it continues to be 1.3 percentage points higher than the metropolitan rate. As a matter of fact, the rate of unemployment in nonmetropolitan areas increased between 1984 and 1985, while the metropolitan rate decreased.

Now most of this difference is explained by the poor performance of rural manufacturing. Rural manufacturing lost 450,000 jobs during the recession, and they only gained back 20,000 during the postrecessionary period; however, I do think that the issue is a bit more complex. It is not just regaining back manufacturing jobs. It is also participating in the restructuring of the economy that favors service industries and particularly the producer-type service industries, not the, you know, the "doing each other's laundry" type services.

So I think the future, the economic future of rural America really depends heavily on being able to gain some of these more high-paying, higher skill type service jobs.

I have a part in my prepared statement that I am not going to talk at all about but I would ask you to take a look at, on the changing composition of rural poverty, because I think it is quite important to know who is poor in rural areas now and how that has changed over time.

Representative FIEDLER. Could you tell me whether or not this decline in the rural areas and the lack of development or regeneration of jobs can, in any way, be associated with education which is being offered in those areas?

Mr. BROWN. My own feeling—and this is not based on a systematic empirical study is that, yes, that is the case, because on the measures of education, both in terms of educational attainment

and enrollment in schools, the nonmetropolitan population does lag behind metropolitan areas. Now that difference has reduced some, but there is abundant evidence that the amount of education that the rural work force brings to the workplace is less than is the case in metropolitan areas. But in areas where the primary reason for decline is the agricultural financial crisis, I would say that is not really the case, because many of the farm people who are in difficult economic straits there have very high levels of education and a lot of management experience.

Displaced farmers and their families are quite highly educated. And in the farm areas—for example, Iowa, the issue really is a mismatch between the jobs available and the skills of the people in the area.

I think John Kasarda is going to talk more about that also.

Representative FIEDLER. That is exactly the point that I was thinking of. If you want to regenerate those areas, you have to have the work force that is attractive and other resources necessary to attract manufacturing and other expanding businesses, if you are going to bring people in. And I am sure that part of the chairman's purpose of gathering this information is in order to try to find better solutions to expanding those population bases where there is an economic decline.

Thank you. I am sorry to interrupt.

Mr. BROWN. I think that you are absolutely right.

Representative SCHEUER. Well, let me ask a question that's quite responsive to that.

Mr. BROWN. Sure.

Representative SCHEUER. It is interesting to me that even though we have had a devastating recession in farm areas, employment has held up and has been better than the national average. So it doesn't seem to me that unemployment has been a very good indication of—a very good index or indicator of the problem in farm areas.

Let me just indicate, in June, when the national employment rate was 7.3 percent before seasonal adjustment, the unemployment rate in South Dakota was 4.2 percent, in North Dakota, 6.3 percent; Nebraska, 4.5 percent; Iowa, 6.5 percent; and Kansas, 5.2 percent.

And this was while tens of thousands of their farmers were going down the tubes and banks were failing. And I was amazed to see these figures. What explains the low unemployment there? And are you telling us that unemployment, the unemployment rates are not a very good index of economic distress in rural or nonmetropolitan areas?

Mr. BROWN. I would agree with that statement, yes. As conventionally measured, the unemployment rate has a bias against the rural areas, because, first of all, many of the people associated with agriculture are not included in the measurement of unemployment, because they are self-employed workers. And there also is the issue of the counting of involuntary part time for economic reasons and discouraged workers, both of which are much higher in the rural areas.

And one of the tables that is included in my prepared statement shows unemployment rates, both adjusted and unadjusted. And you

can see that when you adjust, for example, for the discouraged workers and the people on part-time schedules, that it substantially increases nonmetropolitan employment rates.

Representative FIEDLER. Wouldn't you say, though, that if people are leaving in larger numbers, then they are not staying there, and therefore, they are not being considered as a part of the employment rate. Also you can have a low economic level—I mean, I have been in business for myself, and there are lots of times you don't take home a pay check, but you still are considered self-employed.

Mr. BROWN. That is correct. Both the statements, I would agree with.

And also, in terms of employment growth, not just unemployment, rural areas have lagged behind urban areas. The nonmetropolitan areas have had a substantially lower rate of growth in employment than the metropolitan areas since 1980. I think that the rate of growth in employment is probably a better indicator of economic distress than the unemployment rate.

Well, I want to move ahead. I think the basic points I would have made are that the structure of the rural economy has changed, that it has had a rough time during the recession, because of the types of manufacturing industries there, particularly textiles, shoes, and so forth. If you look at low wage, low-skill manufacturing—textiles, shoes, plastics, rubber, timber, what have you, they constitute over 40 percent of the economic activity in nonmetropolitan America and much more so in the Southwest, South, and the Midwest.

So those types of industry are really in the most substantial difficulty, in terms of the value of the dollar, import competition, productivity losses, and what have you.

And then I want to just mention that there has been, of course, a farm financial crisis in some rural areas. We've talked about that and I won't beat that to death. But, one point about the farm crisis I do want to make though is that the farm financial stress of the 1980's, the reasons for farm financial stress, are not internal to agriculture.

They had to do with macroeconomic, and international economic conditions. And I would say the same thing with respect to manufacturing. They are not rural issues, they are national issues. And rural areas have a very big stake in that—what happens to the inflation rate, the cost of credit, the trade value of the dollar all affect rural areas in a big way because they are exporters of basic commodities on the one hand, and they participate in manufacturing on the other.

And so future policies toward rural areas have to understand that. We cannot have sectoral policies for rural and urban areas. We have to get policies that assist rural and urban areas alike.

Let me just conclude. If rural revitalization, symbolized by the nonmetropolitan population turnaround, was the theme of the 1970's, economic stress is the overriding issue of the 1980's.

This economic stress is partly associated with restructuring of the nonmetropolitan economy, and partly with the increased integration of the nonmetropolitan economy with both the national and the global economies. No longer an adjunct to the rest of the

country, the nonmetropolitan economy is right there in the mainstream now.

Now, because they are so much more closely tied to national/international forces, changes in macroeconomic policies, enhanced international competition and global forces have a significant effect on agriculture, mining, other mineral extractive industries, oil and gas, and also manufacturing. And as I said, these sectors provided the bulk of employment in nonmetropolitan areas.

The decline of these types of industries have a lot to do with reduced nonmetropolitan population growth in the 1980's.

But, as I said before, we do not have a coherent empirical explanation. I can't tell you what proportion of the decline is because of agriculture or of reduced manufacturing.

But, certainly the mapping and descriptive analyses that we've done show that they are importantly associated.

Representative SCHEUER. Can you tell us which is more important to the economic health of rural areas? The farm economy or general manufacturing and trade?

Mr. BROWN. There are two maps in the prepared statement that I've given you. The second one is a map of agricultural counties.

These are counties in which agriculture comprises at least 20 percent of wage and salary employment. In those counties—and they tend to be in the center of the country in areas that are small, sparsely populated, have little other economic activity in them and are remote from urban opportunities. In those areas, I would say that the future and the vitality of the agricultural economy is really central to the current and the immediate future economic vitality of those areas.

In other parts of nonmetropolitan America, particularly across the South, and to some extent in the Southwest, I would say that other types of economic opportunities and the restructuring of the economy from a low wage/low skill manufacturing-based economy into a service economy and one in which it's not just a trade of low skill/low wage services for low skill/low wage manufacturing, let's say in those areas that are not currently dominated by agriculture, that the other aspects of the economy are more important.

But, the underlying factor here is that, regardless of whether we're talking about agriculture or about manufacturing or services, the macroeconomic policy of this country and macroeconomic conditions are really crucial to what goes on in both of those industries.

The cost of credit, inflation, the disinflation following rapid inflation are really the keys to the current farm financial stress—not what happened to USDA agricultural policy.

Representative FIEDLER. But you're missing competition.

Mr. BROWN. Of course. Right. International competition in both manufacturing, right, absolutely. Both manufacturing and agriculture are having a very difficult time competing in world markets.

Well, I think that I've taken enough time. The bottom line here is that conditions are very difficult in rural areas and that just the restoration of Federal funding to programs that were designed in the 1960's, given the condition of the sixties, really is not appropriate.

Now, we need to look at the changed economic, demographic, social and political climate in the context of the eighties to look toward a policy for rural areas in the eighties.

Thank you.

Representative SCHEUER. Thank you very much, Mr. Brown.

[The prepared statement of Mr. Brown follows:]

PREPARED STATEMENT OF DAVID L. BROWN

Thank you Mr. Chairman, I appreciate the opportunity to address the Committee concerning demographic and socioeconomic conditions in rural America in the 1980's. Our Nation's population is overwhelmingly metropolitan, yet more than 56 million of our citizens — about one quarter of the population—now live in nonmetropolitan counties (1984). Accordingly, nonmetro issues are of direct concern to a substantial part of our population. And, it should be noted that these 56 million persons are spread across 2400 of the Nation's 3100 counties, making nonmetro issues a concern in nearly all regions of the country.

My testimony today will focus on what is different about the demographic and socioeconomic situation in nonmetro America in the 1980's compared with earlier times, and especially the 1970's. Measures of the demographic and socioeconomic conditions of nonmetro areas are important in assessing the need for continued public programs to nonmetro areas, while information on metro-nonmetro differences provides the principal justification for separate (or separately administrated) metro and nonmetro policies. And, changes in the diversity of conditions among nonmetro areas themselves provide a rationale for targeting assistance to areas of greatest need and/or opportunity.

Thirty Years of Change

Thirty years ago agriculture was the dominant influence affecting the social and economic well being of most of the rural and small town population. In 1950, 23 million Americans, 15 percent of the Nation's population lived on farms. In rural areas four of every ten persons lived on a farm (Beale, 1978). Similarly, almost one third of the Nation's nonmetropolitan workforce was engaged in agriculture at that time (Zuiches and Brown, 1978). Hence, technological and organizational changes in agriculture, economic conditions of agriculture, and public policy relating to agriculture, were primary forces shaping rural life both on the farm and in rural communities.

Rural America in the 1950's was characterized by economic disadvantage and widespread poverty, although, as Michael Harrington (1962) observed in The Other America, rural poverty was often concealed by a facade of pastoral beauty. As a consequence, the major engagements in the war on poverty were fought in the cities. Rural poverty was relatively neglected (Chadwick and Bahr, 1978). This neglect was formally recognized in 1967 by President Johnson with the creation of a National Advisory Commission on Rural Poverty. The Commission's final report, The People Left Behind concluded that, "rural poverty is so acute as to be a national disgrace."

Rural America has changed dramatically during the past quarter century. Regardless of how one measures the change, whether it be in economic, social, or demographic terms, present day rural America bears little resemblance to its condition in the 1950's. Socioeconomic conditions in nonmetro America generally improved

between 1950 and 1980, and metro-nonmetro differences, while still important, have diminished greatly. Moreover, nonmetro America, once separate from the mainstream, is now more closely integrated with national and global events. Post-1980 trends, however, indicate that demographic and socioeconomic conditions have deteriorated in nonmetro America since 1980.

Nonmetro Population Growth and Migration

Nonmetro population growth exceeded metro growth for the first time in this century during the 1970's. The "population growth turnaround," as it came to be known, was one of the most surprising and significant demographic events of the decade. For the decade as a whole the nonmetro annualized population growth rate was 13.5 per 1000 compared with 10.1 per 1000 for metro areas (table 1).

During the decade a net of 3.5 to 4 million persons migrated to nonmetro counties; the great majority coming from large metro areas. Not only did nonmetro areas attract many migrants from metro settings, but they were able to retain many persons who otherwise might have moved to a metro area. An increasingly diversified and revitalized rural economy, community modernization, and deeply held preferences for rural living all figured in this migration reversal.

The pervasiveness of the turnaround can be judged by the fact that the rate of nonmetro population growth increased during the seventies in all four census regions, and the nonmetro rate exceeded the metro rate in all regions but the South. Morever, nonmetro population growth increased in areas separated from direct metropolitan influence

as well as in counties adjacent to SMSA's. And, smaller areas grew more rapidly than larger areas; indicating a decentralization within the rural hinterland itself.

Nonmetropolitan growth began to slow by the end of the seventies (Richter, 1985) and post-1980 county population estimates indicate that the nonmetropolitan sector is now growing at a lower rate than the metro. The data indicate that the annualized growth rate for nonmetropolitan areas declined from 13.5 per 1000 during the 1970's to 7.4 per 1000 in 1980–85. In contrast, the metro rate has increased slightly, from a little over 10 per 1,000 in the 1970's, to 11.5 per 1000 during the 1980–85 period (table 1). Although nonmetro growth slackened during 1980–84 there was no net outmigration until 1982–83—nonmetropolitan growth was about equal to natural increase. However, 1984 data do show a nonmetro net migration loss to metro areas of about 350,000 persons (table 2). As Fuguitt and Beale (1986) have commented, "the most recent nonmetropolitan trend is at an intermediate level between the older traditional pattern and the surprising rapid growth of the 1970's." Accordingly, reduced nonmetro growth of the 1980's does not signal a return to the generalized decline of previous decades, although reduced nonmetro population growth is geographically widespread. More than 850 nonmetro counties lost population during 1980–85, compared with 460 that lost population in the 1970's. However, over 1,300 nonmetro counties lost population during the 1960's. Nonmetro population decline is still concentrated in the Plains and Western Corn Belt, but has also spread to the lower Great Lakes and across the mid South during 1980–85 (figure 1).

There is substantial regional variation in post-1980 population trends. Nonmetro growth continued to be more rapid than metro growth in the Northeast, metro growth was faster than nonmetro in the South and West, and neither sector showed much growth in the North Central States (Beale and Fuguitt, 1986).

The return to slower nonmetro growth poses important questions for rural development and community viability. A coherent empirical explanation of the diminished growth, one that investigates the effects of both economic and noneconomic factors has yet to be conducted. Surely, reduced nonmetro growth is associated with economic problems — delayed recovery from the recession of the early 1980's, financial stress in agriculture and its impact on linked industries, and the slow growth or actual decline of rural manufacturing and resource-based industries. I review these economic issues in the next part of my testimony.

Delayed Nonmetro Recovery from the Recession of the Early 1980's

Prior to the late 1970's, the nonmetro unemployment rate was lower than the metro rate. More recent experience represents a significant break with that history. During the most recent recession for example, the nonmetro unemployment rate rose more rapidly that the metro rate, peaked at a higher level, and fell more slowly (table 3). Employment in timber industries fell as new housing starts declined. Many rural

manufacturing plants were linked to the struggling auto and steel industries. And mining and other energy extractive industries once again suffered a severe contraction. Import competition in the textile, clothing and leather goods industries, which are concentrated in nonmetro areas, also suffered during this period and thereafter.

In addition, nonmetro areas were more heavily affected by involuntarily shortened work weeks, and a higher percentage of rural workers became discouraged from looking for work than was true for metro workers. These factors contribute to an official underestimation of the unemployment rate in nonmetro areas, hence they are adjusted for in table 3 (Nilsen, 1979).

Nonmetro areas have recovered from the recession less rapidly than their metro counterparts. In fact, the unemployment rate in nonmetro areas rose in 1985, moving counter to that of metro areas. As of the fourth quarter of 1985, the nonmetro unemployment rate remained 1.3 percentage points above the metro rate. Most of this difference is explained by the poor performance of the rural manufacturing sector which lost 450,000 jobs in the recession and only regained about 20,000 jobs between 1982 and 1983. Improved performance of this sector seems to be the key to future development for many individual rural areas. However, the issue may be more complex—requiring a transition to a post-industrial, service producing society, or success in capturing a different kind of manufacturing than fueled the growth of that sector in some nonmetro regions in the 60's and 70's.

Changing Composition of Nonmetro Poverty

A disproportionate share of the Nation's poor have resided in nonmetro areas throughout this century. The latest data available from the Census Bureau, the Current Population Survey and other sources all indicate that this situation persists today. In 1983, the poverty rate of the nonmetro population was 18.5 percent compared with 13.8 percent of metro population (figure 2). Even when in-kind transfers are included with other income, 13.2 percent of nonmetro people failed to have enough income to meet minimal basic needs—the official statistical definition of poverty. The comparable metro figure was 9.3 percent. Even though poverty rates declined during the mid-1970's, both metro and nonmetro rates have risen since the recession of the early 80's, and were substantially higher in 1983 than a decade before (Deavers, et. al. 1986). (Nonmetro poverty rates are not yet available for years since 1983).

The composition of poverty has changed during the last decade. Some of these compositional changes serve to further differentiate nonmetro and metro areas, but most changes have affected metro and nonmetro areas alike. Changes in the age and family composition, and regional location of poverty are especially notable (Preston, 1984). Since 1973, the poverty rate among older persons has declined from 16 to 14 percent, while the rate for youths increased from 14 to 22 percent. This reversal was experienced in both metro and nonmetro areas, but was especially marked in nonmetro areas where aged poverty fell from 23 percent to 18 percent and the rate for youth increased from 17 to 24 percent. Two important reasons for the improved income position of older persons are the initiation of the Supplemental

Security Income program which established a nationally uniform minimum benefit level for needy elderly, disabled and blind people; and the indexing of Social Security for inflation beginning in 1974.

The diminished economic position of children is related to changes in household and family structure, and especially the increase in families headed by women with no spouse (Brown, 1986). The greatest share of the Nation's poor (45 percent) live in married couple families, but over one third live in female headed single parent units. The poverty rate among these units is substantially higher than for other family types. This is true in both metro and nonmetro areas, but especially so in nonmetro areas where the poverty rate is 43 percent for female headed families compared with 13 percent for other family households. And, 58 percent of nonmetro children living in female headed families are poor compared with 18 percent of children living in other family types. The child poverty rate has increased for all residence and family types since 1973.

Nonmetro poverty continues to be concentrated in the South, but the proportion of the nonmetro poor living in this region has declined from 60 percent in 1973 to about 50 percent in 1983 (Deavers, et al., 1986). This regional shift probably does not result so much from improved conditions in the nonmetro South as from deterioration of economic conditions in other regions. During the past decade there have been major economic downturns in most resource-based industries, a disproportionate number of which are located in the North and Midwest, and rural manufacturing has been subject to increased international competition. Rural manufacturing is primarily located in the South, Midwest and Northeast (Bender, et. al., 1985).

Industrial Restructuring of the Nonmetro Economy

Twenty five years of structural change have left most of our nonmetro citizens dependent on economic opportunities outside of agriculture, and industrial restructuring is continuing in the 1980's. During the 60's and 70's nonmetro areas competed successfully with metro areas in attracting and/or creating new job opportunities in manufacturing. In fact, the share of all U.S. wage and salary manufacturing employment in nonmetro areas rose from 19 percent in 1969 to 22 percent in 1984 (U.S. Bureau of Economic Analysis, 1985). The structural transformation of nonmetro America that this represents is significant—in the rural South particularly, the growth of manufacturing jobs made possible the rise from poverty of many rural households. At the same time, the growing nonmetro manufacturing base has had a disproportionate representation of low-wage, labor-intensive industry. Apparel, textiles, wood products, leather goods, shoes, and a few other low-wage industries comprise 40 percent of nonmetro wage and salary employment in 1983, versus only 18 percent of metro employment (U.S. Bureau of Economic Analysis, 1985).

The U.S. goods-producing sector appears to be undergoing a significant structural realignment. In many areas U.S. wages appear to have substantially outstripped productivity gains, leaving the country vulnerable to foreign competition. Recently, these competitive problems have been aggrevated by the high value of the dollar. Nonmetro areas appear to be bearing a disproportionate share of the shorter term structural adjustments in manufacturing because of the types of products manufactured there, and to be susceptible in the longer-run to serious import competition.

In addition to the adjustment problems already discussed, the nonmetro economy is sharing fundamental industrial restructuring with the rest of America. Service industries now employ many more workers than goods-producing industries, and most of the job growth in rural areas since the late 60's has been in the service sector. Evidence suggests that the trend is accelerating; since 1969, 83 percent of all new non farm wage and salary jobs created in nonmetro areas have been in the service sector, while since 1979 more jobs have been created in services than have been lost in manufacturing and resource based industries (U.S. Bureau of Economic Analysis, 1985).

Because service sector jobs are often low-wage jobs, many observers have suggested that this will lead to "biopolorization" of the work force—that is, the disappearance of many high-paid industrial jobs and their replacement by low-paid service jobs will lead to a decline in the industrially supported middle-income class. Available evidence so far does not support that prediction, principally because U.S. job losses in high-wage manufacturing have been occurring much more slowly than in low-wage manufacturing. Thus, many of the newly created service jobs are at wage levels equal to or above those being lost in the goods-producing sector. This leads to a net improvement in the income prospects for many workers.

For nonmetro areas, however, industrial restructuring does pose some serious challenges. First, nonmetro manufacturing employment is heavily concentrated in low-wage industries. As of 1984, about one

third of all nonmetro manufacturing employment was in apparel, textiles, wood products, leather and shoes (U.S. Bureau of Economic Analysis, 1984). Thus, rapid job losses in low-wage manufacturing are likely to have a disproportionately negative impact on nonmetro areas. Second, particular industrial activities are concentrated by region. For example, nonmetro manufacturing is heavily concentrated in the South and East. Agriculture is concentrated in the Great Plains and Corn Belt and mining tends to be located west of the Mississippi River and in Appalachia. This means that geographically concentrated groups of nonmetro areas are experiencing structural employment problems at the same time.

Farm Financial Stress—on the Farm and Past the Farm Gate

In the mid-80's no discussion of rural economy and society would be credible that did not recognize the serious financial stress being experienced by a large component of U.S. agriculture. As measured by ERS data for December 30, 1985, some 10 to 12% of U.S. farm operators, who owe 37 percent of farm operator debt, were in serious financial difficulty as measured by a debt/asset ratio greater than .4 and negative net cash flow (table 4) (Economic Research Service, 1986). Many of these farmers are commercial scale farm operators who are unlikely to be able to restructure their businesses successfully, and thus will be forced from farming. Given the geographical concentration of these farms in the Northern Great Plains and Western Corn Belt

regions, many rural communities in the Midwest are already experiencing farm-related development problems, and reduced population retention.

ERS research on farm-dependent counties, which identifies some 700 nonmetro counties that depend on farming for at least 20 percent of total labor and proprietors income, indicates how difficult the adjustment problems may be for many rural communities (figure 3) (Bender, et. al., 1985). The social and economic profile of farm-dependent areas shows them to be relatively small in population, sparsely settled, remote from urban opportunities, and with little other local economic activity. Because many of these counties are clustered together, farmers forced to leave farming may have to move (or commute) considerable distances to find alternative economic opportunities.

Of course, the current adjustment follows nearly 30 years of continuous farm consolidation and population loss for many of the affected areas. The problem is not new, but it represents a dramatic departure from what happened in the 70's (Lee, 1986). And farmers who leave farming for economic reasons in the 80's tend to have different characteristics than those who left in the past. Today's displaced farmers are relatively young, have substantial education and many have managed commercial scale operations. In the past agricultural displacements, most of the persons who were forced out of agriculture operated small enterprises, often small tenant farms in the South. And a large proportion were poorly educated and members of racial minority groups.

Another aspect of farm stress is that the causes are primarily outside of agriculture, and difficult to address with traditional farm policy instruments. High real interest rates, an overvalued dollar, and the current period of dis-inflation following immediately on the heels of a period of rapid inflation are all important contributors to current farm financial stress. These factors are simply indications of how dependent the overall health of U.S. agriculture is on macro-and international economic forces.

Conclusions

If rural revitalization, symbolized by the nonmetro population turnaround, was the theme of the 1970's; economic stress is the overriding nonmetro issue of the 1980's. This economic stress is primarily associated with a restructuring of the nonmetro economy, and increased integration of the nonmetro economy with metro and global economies. Because nonmetro areas have become more closely tied to national and international economic forces, changes in macroeconomic policies, enhanced international competition and other global forces now have major significance for agriculture, manufacturing, mining and other extractive industries in rural areas. These sectors provide almost 40 percent of nonmetropolitan employment—substantially more in many nonmetro regions especially in the Midwest and South. Structural economic change manifests itself in diverse ways—as farm financial stress, industrial decline, slow recovery from goods-producing

recessions and the changing composition of rural poverty, and these economic forces quite likely have a negative effect on nonmetro population change and migration.

Significant changes are underway in the Federal system of government, and these changes constrain Federal government actions at the local level. The Federal government is withdrawing from many grant-in-aid programs and reducing its funding of many block grant programs and for General Revenue Sharing. This is partly a philosophical retrenchment by the Federal government in the scope of its activities, and partly a result of a perceived need to reduce Federal budget deficits. These changes, along with the changing economic and sociodemographic structure of rural America, suggest a dramatically changed context for rural policy in the 1980's. Thus a restoration of Federal funding for programs designed in the 1960's is not appropriate given the changed economic, demographic and social context of the 1980's.

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Table 1: Metropolitan and Nonmetropolitan Annualized Population Change per 1,000, 1960-85.

	1960-70	1970-80	1980-85
U.S.	12.7	10.9	10.5
Metro 1/	16.1	10.1	11.5
Nonmetro	2.5	13.5	7.4

Source: Beale and Fuguitt, 1985; 1985, data U.S. Bureau of Census, unpublished.
1/ Metro Areas as defined in 1970.

Fig. 1 --Nonmetro Counties With Declining Population, 1970-80

MAP 1

Nonmetro Counties With Declining Population, 1980-84

Prepared by Populat
Section, Econo
Service, USDA

Source: U.S. Bure
the Census

Table 2 --Metropolitan-Nonmetropolitan Migration in the United States, 1980-84

Migration Stream	1983-84 (000)	1982-83 (000)	1981-82 (000)	1980-81 (000)
Metro-to-nonmetro	2,258	2,066	2,366	2,350
Nonmetro-to-metro	2,609	2,088	2,217	2,151
Net to nonmetro	-351	-22	149	19

Note: Metropolitan areas as defined in 1970.
Source: Current Population Survey Bureau of the Census
Prepared by Economic Research Service, USDA

Table 3—Nonmetro and metro unemployment rates 1973-85
annual average unemployment rate percent

Year	Nonmetro		Metro 2/	
	Reported	Adjusted 1/	Reported	Adjusted 1/
85	8.4	13.0	6.9	9.9
84	8.1	12.2	7.3	10.4
83	10.1	14.9	9.4	13.1
82	10.1	14.9	9.5	13.1
81	7.9	11.5	7.5	10.3
80	7.3	10.7	7.0	9.5
79	5.7	8.5	5.8	8.0
78	5.8	8.8	6.1	8.4
77	6.6	9.8	7.3	9.3
76	7.0	10.2	8.0	10.6
75	8.0	11.6	8.7	11.5
74	5.1	7.9	5.8	7.9
73	4.4	7.1	5.1	7.1

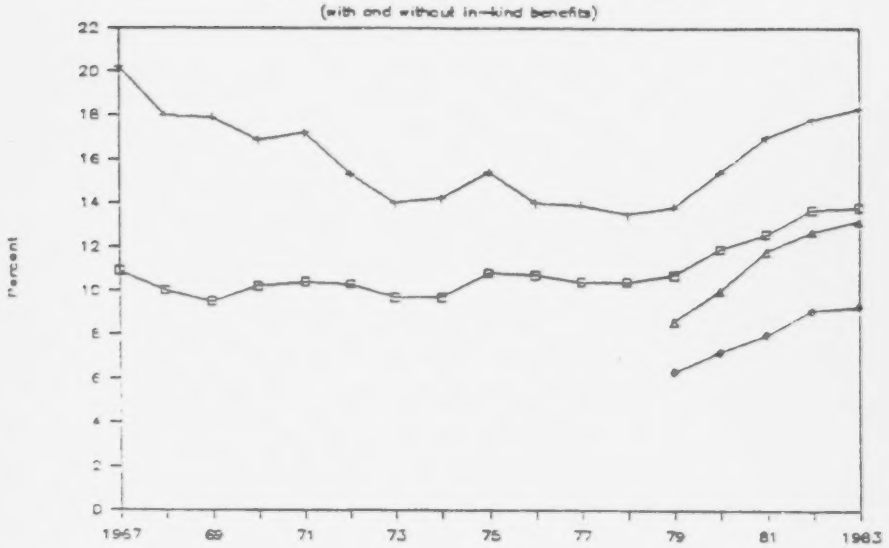
1/ Unemployment rate adjusted to include discouraged workers and one-half of the workers employed part-time for economic reasons.

Source: Bureau of Census, Current Population Survey.

2/ Metro area delineation was updated in 1985 and is not comparable with earlier years in data series.

Fig. 2 -- Poverty rates, 1967-83

(with and without in-kind benefits)



□ Metro (without in-kind)

+ Nonmetro (without in-kind)

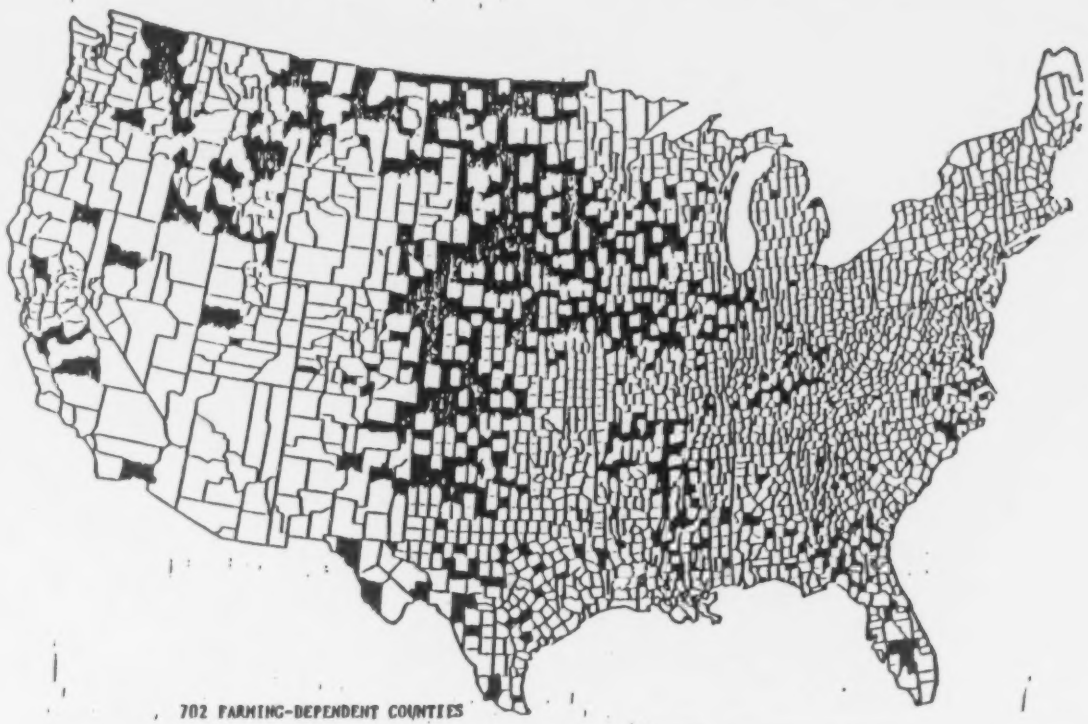
◇ Metro (with in-kind)

△ Nonmetro (with in-kind)

Metro-nonmetro designations are based on the 1970 Census for 1969 and 1971-83. For other years, metro-nonmetro designations are based on the 1960 Census.

Source: (U.S. Census Bureau, 1969, 1975, 1980, 1981, 1982b, 1984a, and 1983a).

FIG. 3--NONMETRO AGRICULTURE COUNTIES



702 FARMING-DEPENDENT COUNTIES

20 percent or more of total labor and proprietor income was from production farming/ranching during 1975-79.

NONMETRO AGRICUL

Table 4. All farms, farms with cash shortfalls, and proportions of debt by debt/asset ratios; January 1, 1986.

Category	Debt/asset ratio	Potential financial stress		Actual financial stress	
		All farms		Farms with cash shortfalls	
		Farms	Proportion of farm operator debt	Farms	Proportion of farm operator debt
Technically insolvent farms	Over 100%	61,000 (3.9%)	16.1	40,000 (2.6%)	11.2
Very highly leveraged farms	70-100%	72,000 (4.6%)	17.4	37,000 (2.4%)	9.7
Highly leveraged farms	40-70%	198,000 (12.8%)	32.9	96,000 (6.2%)	16.3
Low leverage farms	Under 40%	1,22,000 (78.7%)	33.7	519,000 (33.5%)	13.2
Total[1]		1,551,000 (100.0%)	100.0	629,000 (4.46%)	50.4

[1] The Farm Cost and Returns Survey excludes 250,000 farms that do not have actual sales of $1,000 in the survey year, and undercounts the sales of less than $20,000 by approximately 300,000 farms.

Representative SCHEUER. And now we'll hear from John Kasarda, University of North Carolina, Chapel Hill.

STATEMENT OF JOHN D. KASARDA, CHAIRMAN, DEPARTMENT OF SOCIOLOGY, UNIVERSITY OF NORTH CAROLINA AT CHAPEL HILL

Mr. KASARDA. Thank you, Chairman Scheuer.

I might add one comment to David Brown's fine presentation. I recall looking at some data, David, in 1982, that showed that over 90 percent of the labor force in nonmetropolitan areas was not in the agricultural sector.

And I think we have to remember that, even in 1982, more than 90 percent of the labor force in nonmetro America was not involved in agriculture.

Sometimes, we tend to associate agriculture and nonmetro. Virtually all the growth has been in the services. Three million jobs were added in the services in nonmetro America between 1975 and 1982.

So, the economic texture of nonmetropolitan America is transforming, and I think David has described that very nicely in some of his publications.

Now if I can move to the regional shifts and the cities. I'm always interested in reactions of academics and politicians to shifts in economic development and migration trends.

Our history, of course, has been a history of uneven development—spacially, economically, demographically. As modes of transportation and communication change, innovations are introduced, production organization transforms, the structure of the economy shifts, labor and natural resource requirements change, locational advantages change.

New areas of opportunity rise, others decline. America's people, in turn, have historically followed opportunity.

As I note in my prepared statement, it's not fortuitous that the two symbols of opportunity in this country, particularly for the disadvantaged, both relate to migration. The Statue of Liberty and the covered wagon.

Now, one consequence of this constant search of Americans for economic opportunity and a better life is, as I just alluded to and as Chairman Scheuer alluded to initially, that our cities, suburbs, nonmetropolitan areas, and frequently entire regions have experienced uneven demographic growth.

Until World War II, the Northeast and Midwest, particularly the metropolitan areas, contained the vast majority of industrial location advantages.

As late as 1950, more than 70 percent of all manufacturing jobs were in the Northeast and Midwest, most concentrated in and around the largest cities in those regions.

Since World War II, there have been a number of changes—economic, political, technological—that have combined to accelerate industrial restructuring for the Nation as a whole and shift our national employment growth polls initially to the West, and more recently to the South and Southwest.

The rapid postwar growth of aerospace, defense, solid state electronics, and other advanced technology industries, together with construction and services, spurred the economy of the far West immediately after World War II.

Growth in these industries was instrumental in attracting over 3 million migrants to California alone between 1945 and 1960.

Following 1960, economic expansion continued in the West, particularly in California. The region's total employment doubled from 1960 to 1985.

Nonetheless, the South, an area of historic stagnation and exodus of population, emerged in the 1960's as a national leader in absolute employment gains.

Between 1960 and 1985, the South added 17 million jobs to its economy, compared to a growth of slightly over 11 million in the West; during the same period, the Midwest added 7.3 million jobs, and the Northeast just over 5 million.

The prepared statement goes into some of the reasons for development of the West and South and I'll pass over them now.

Suffice it to say that the expanding post-World War II economies of the West and the South sequentially attracted major streams of migrants during the past three decades.

Now I'm just going to walk through—if you'd pull out my prepared statement and turn to table 1—the major trends in migration.

Representative FIEDLER. What page?

Mr. KASARDA. This is a set of tables at the back. Unfortunately, they do not have page numbers. There is a cluster of tables at the back of the prepared statement and the tables, fortunately, are in order.

If you'll look at table 1, you'll see the migration exchanges of each of the four census regions with the other three regions. And you can see how the migration growth polls have shifted from the West during the 1950's to the South during the 1970's and 1980's. In fact, until the 1970's, more Southerners migrated West than vice versa. This reversed slightly during the 1970's.

And by the 1980–85 period, the South was receiving approximately three times the number of internal migrants, as was the West. Most of them, if you look down, coming from the Midwest.

Between 1980–85, 1.1 million persons from the Midwest in the net—that's more movers from the Midwest to the South than the South to the Midwest—took place.

The Midwest lost between 1980–85 1.5 million people from its net negative exchange with other regions in the country.

So you see a shift taking place from the West being the primary destination in exchanges internally to the South in the 1970's and first half of the 1980's.

During the past 15 years, the Northeast and Midwest experienced combined net outmigration losses of 8 million people. That's the difference between inmigrants and outmigrants.

There is, of course, no such person as a net migrant. It's a calculated figure.

As I said, the Midwest experienced a net migration loss of 1.5 million, of which 1.1 million may be attributed to this region's negative exchange with the South.

Another migration stream of growing importance is movers from abroad. Please look at table 2. And here you'll see movers from each region from abroad, most of them immigrants, some of them expatriots, some of them members of the armed forces. These are people who resided outside the country 5 years prior to the survey and the region where they reside at the time the survey is taken.

These data are from the current population survey most recently and, in early decades, from the decennial censuses. You'll see two broad trends in this table.

First, there is a substantial increase in the total numbers of movers from abroad to the United States during the past three decades.

Second, since 1965, if you look at the 1965 to 1970 column and look at where the growth has taken place, virtually all growth of movers from abroad has been captured by the West and the South, with the West pulling ahead of the South as the primary destination.

Between 1975–85, the West was the destination region of over 2.8 million movers from abroad; the South 2.3 million, the Northeast 1.7 million and the Midwest slightly over 1 million.

In fact, since 1980, the West has gained over twice as many movers from abroad as it did movers from other regions of the country. Very interesting change taking place.

The prepared statement describes the racial and ethnic composition of these movers, and I'll skip over that, just pointing out that the West has received during the last 10 years approximately 1 million Asian immigrants, more than all other regions combined.

Representative SCHEUER. More than Hispanic immigrants from south of the border?

Mr. KASARDA. I have to check. I have that data. I will answer that in a moment. I don't think so. I think that, in Los Angeles County alone, they received something close to 700,000 Asian and Hispanic immigrants over the last 10 years. I have the data and it will take me a few minutes. I want to move on, but I can comment later on that.

With increased immigration from abroad supplementing the migration flows to the South and West, population growth in these two regions has dwarfed that of the Northeast and Midwest. If you turn to table 3, you'll see a summary of the changes in population during the 1975 to 1980 period and 1980 to 1985 period in each of the regions by race and ethnicity.

And if you look at these two tables, you can see that, on the whole, about 85 percent of the Nation's population growth has been in the South and West during each of the last two quinquennial—that is, 5-year periods, 1975 to 1980 and 1980 to 1985.

Also it's interesting to note that the Northeast is the only region to experience an absolute and proportional increase in its population growth, moving from 1975 to 1980 to 1980 to 1985; while still lagging substantially behind the South and the West, that region did increase its growth rate both in absolute and percentage terms.

But, as you look at the composition of these changes, note that the white non-Hispanic component has declined even further—its decline accelerated.

So the growth in the Northeast during the last 5 years over the previous 5 years has been primarily a result of an increase in its black and Hispanic population components.

Let me mention some interesting interregional differences in minority settlement patterns. These data aren't presented here, but they're in some tables that I'm preparing for a report to be produced by the National Academy of Sciences.

Where are minorities locating? How about movers from abroad and internal minority migrants? What are the changes in the composition of cities, suburbs, and nonmetropolitan areas?

And what you find is there are major regional differences. In the Northeast and Midwest, minorities tend to be far more concentrated in the central cities than in the South and West.

Let me give you a couple of percentages. The suburban minority percentage in the Northeast and Midwest, respectively, was 8.9 and 6.5, compared to suburban minority percentages of 21.3 and 26.3 in the South and West.

As we look at nonmetropolitan areas, the Northeast and Midwest minority percentages were only 4.1 and 3.7, compared to 21.3 and 18 percent for the South and the West.

Another very interesting difference is where the movers from abroad, the immigrants, are locating intraregionally.

Those that are moving to the Northeast and Midwest are still locating in the central cities, following the historic patterns. That is, the majority of minority immigrants to the Northeast and Midwest regions continue to settle in the central cities versus the suburbs, exurbs, and nonmetropolitan areas.

In the South and West, the majority of the immigrants are settling in the suburbs, exurbs, and nonmetropolitan areas. And as we get to the issue of demographic-employment mismatch in a moment, you'll see this has tremendous implications for the opportunity structures of these immigrant groups.

Now, if you look at table 4 very quickly, you'll see the overall change in the racial and ethnic composition of the cities, suburbs and nonmetropolitan areas in each region between 1975 and 1985.

It's clear that the non-Hispanic whites are continuing to move out of the cities in the North en mass. And there is partial replacement of the traditional majority component by minority population increases.

Especially striking are the large increases, if you look at the table, in blacks in the central cities of the Northeast and Midwest just at a time when their blue collar job bases are shrinking.

Now, flip over to table 5 and let's look at some specific cities.

Representative SCHEUER. Are you going to try and give us some of the significance of these movements?

Mr. KASARDA. Yes. What I'm building up to now is the conflicting movements of the population of these cities with the economy of these cities, how they're clashing.

Representative SCHEUER. And some of the public policy decisions.

Mr. KASARDA. I'll be happy to, Congressman.

Representative SCHEUER. Yes.

Mr. KASARDA. I did want to develop the argument because when you present the mismatch argument, if you slip over it too quickly, you miss the foundation and it appears oversimplified. And I'm

trying to develop systematically the conflicting movement of the demographic groups in the cities versus the job opportunity structures.

Representative SCHEUER. Very good.

Mr. KASARDA. Now, if you look at the major Northern cities, suffice it to say that all of these cities have suffered huge losses in entry level and blue collar jobs over the last 15 years.

Look at what's happened to the demographic bases:

New York City has dropped by 1.6 million non-Hispanic whites from 1970–85, and the minority population went up by 1.15 million. Now, the decline in non-Hispanic white population between 1970-85 is larger than all but two other cities in this country.

Likewise, the growth of New York City's minority population over this 15 years is larger than the size of all but four other cities in the country. And you can see the minority population growing in these cities just at the time that major changes are occurring in the job bases of these cities in terms of requisites for employment.

Similar changes can be observed as you look down the table. Detroit, which experienced wrenching blue collar job decline since 1970, you can see lost over 60 percent of its non-Hispanic white population, but just as the time that these blue collar jobs were leaving Detroit en mass, its minority population—particularly black population—was rising.

Similarly, for Cleveland.

Now, I mentioned that a major problem that is emerging is what I refer to as a demographic-employment opportunity mismatch. Let's look at what is happening in the opportunity sectors of these cities.

If you'll flip to table 6, the argument I'm developing is that the population that is growing in the cities conflicts in terms of their education and skill levels with the education and skill needs of industries that are developing in each city.

Those jobs that historically have provided a springboard of opportunity for minorities and other disadvantaged have left and are continuing to leave the cities to be replaced by knowledge-intensive, white collar industries, whose education and skill requisites preclude entry by many minorities into their job opportunity structures.

In the past, all you needed was a strong back and a willingness to work long hours at deplorably low wages, but there were jobs. Let's see what has happened to the job base of some of these cities.

Look at what has happened in New York City over the last 15 years.

A tremendous growth in information processing industries, those industries that require typically education beyond high school, and a decline, substantial decline—if you look at manufacturing for New York, there were over 1 million jobs in 1959 in manufacturing. By 1984, it had dropped down to under 500,000. So you had a drop of about 500,000 jobs.

If you break this down in terms of the structure of employment, information processing jobs alone, those in industries with more than half of their labor force as executive managers, professionals and clerks went up by 1.3 million during the past 15 years while blue collar jobs went down.

Similar patterns appear in the other cities. Rise in information processing industries, decline in other industries.

But this doesn't show the nature of structural unemployment. What about the educational requirements?

Look at table 7.

Representative SCHEUER. Are you going to tell us from the public policy point of view how we should change——

Mr. KASARDA. Yes.

Representative SCHEUER [continuing]. What changes are indicated in our education programs, in our job training programs to create better linkages between low-income minority people now living in New York City, for example, and the jobs that are going to be there increasingly over the next 10 to 20 years?

Mr. KASARDA. I am going to have a more radical proposal, Congressman.

Representative SCHEUER. More radical proposal?

Mr. KASARDA. Yes.

Representative SCHEUER. You better leave, Congresswoman.

Representative FIEDLER. Oh, no. I like them already. [Laughter.]

Mr. KASARDA. But there you can see the importance of education in table 7. This is the change in jobs in the cities in those industries that do not require a high school degree versus those industries where the average education is more than 2 years of college.

You can see a tremendous growth in the latter. New York, for example, those industries that require some college, 682,000 jobs in 1959, up to 1,200,000 in 1984. The last 14 years alone, New York lost almost 500,000 jobs in those industries where the average job holder has not completed high school. So you can see entry level jobs disappearing.

And let me flip then over to show you the root of structural unemployment in these cities on table 8. Look at the jobs——

Representative SCHEUER. Just to make a quick point here.

Mr. KASARDA. Yes.

Representative SCHEUER. We were told in our last hearing by an Assistant Secretary of Labor that by the turn of the century three-fourths of all of the new jobs in our country will require some post-secondary education.

Mr. KASARDA. Absolutely, and in our cities perhaps more than that as their functions change from goods processing to information processing. It might well be 80 or 90 percent if the trends continue.

But look at what is happening to the education distribution of the people in these cities. Compare the distribution in table 8, Congressman, of white males and black males in the central cities in the Northeast and the Midwest, and you will see structural mismatch.

White males have a distribution of education such that it is skewed in the direction of economic and job requirement change in the cities. The modal category for white males is attended college 1 year or more. The least represented category is did not complete high school.

Look at black males. Their distribution is exactly opposite that of the trends in job change in cities. They are most represented in that education category where jobs are disappearing the fastest,

least represented in the education category where jobs are expanding.

Now, I will get to some policy issues, one of which is—we saw in the earlier tables—a rapid growth of minorities populations, typically the disadvantaged in our cities just at a time that jobs appropriate for their skills are disappearing.

In the past we understood why immigrants went to our cities, because that is where there was access to opportunity. Well, low-skill job bases have contracted, yet disadvantaged people are still continuing to arrive. Some growth is due to natural increase.

The economist would say there is something disrupting the market equilibrium here. Population groups that are growing in the cities are just opposite that of the job opportunity structure. Why aren't they leaving? Why do you have a growth taking place of those groups that are least matched with the opportunity structures in the city? What is continuing to attract and/or hold large numbers of unskilled minorities in our cities as their economies are transforming?

Now, for sure there are such factors as racial discrimination, lack of sufficient low-income housing in outlying areas, the dependence of low-income minorities on public transportation without access to private means of transportation. These, of course, reinforce the confinement.

But I have argued elsewhere that certain Federal policies, though well intentioned, may be partially responsible for anchoring the disadvantaged in areas of long-term employment decline.

These policies are based on the seemingly reasonable principle of spatially targeting public assistance, whereby urban areas of greatest economic distress receive the largest allocations of funds for public housing, community nutritional and health care, and other locationally linked government aids.

Formula-based community assistance programs have also been introduced, such that the greater a locality's employment loss or other indicator of economic distress, the more Federal aid it can receive.

Thus, as the blue collar employment bases of many of these cities contracted, a growing urban assistance economy or welfare economy evolved, serving as a partial subsistence surrogate for the declining blue collar jobs economies in these cities.

Now, I don't want to imply that targeted government aid to people in places in distress is unnecessary or without solid merit. Most urban welfare programs have had imperative palliative effects, temporarily relieving some of the very painful symptoms associated with the departure of blue collar jobs.

However, while some success has been achieved in relieving these pains, the disequilibrium in many cities between the supply and demand for low-skilled labor grows worse.

What I am arguing is that this demographic disequilibrium, sustained in part by government subsidies, works against the long-term health of cities and their structurally unemployed residents.

Now, imagine what would have happened in the first half of this century if the great numbers of displaced Southerners—subsistence farmers, marginal farmers that were pushed off the land as agriculture transformed—had not migrated as problems of the South

were becoming worse. They moved to New York, they moved to Philadelphia, they moved to Gary, Newark in search of opportunity and a better life.

This was an escape valve. Migration relieved the demographic pressure on the South, a huge overhead of unemployed. It improved the chances not only for the migrants but also provided a springboard for opportunity for the South because the region didn't have these high, very high unemployment rates and the negative spinoff effects associated with such unemployment rates.

And I have argued elsewhere that it is possible that if the Federal Government had intervened at the turn of the century through the 1950's in the South and said, we cannot have these large numbers of people unemployed without shelter, without adequate nutrition, without adequate health care; we must provide for them, it just might be possible that many millions that moved on for opportunity and a better life might not have moved and that the rebound that was experienced in the South during the 1960's and 1970's, if it had carried that buildup of overhead, may not have occurred.

The same process occurred in Europe when it exported its displaced to the New World.

Well, today circumstances are roughly analogous in many northern cities, with excesses of structurally displaced labor as their economies transform.

To address this problem, you have heard many arguments, many policy suggestions—a National Development Bank, a Reconstruction Finance Corporation, enterprise zones, government/business/labor partnerships—which might reindustrialize these areas or otherwise rebuild their historic employment bases.

I think most economists now agree that such suggestions are as unrealistic as they are economically nostalgic. Government subsidies, tax incentives, regulatory relief contained in existing and proposed Federal policies are not nearly sufficient to overcome technological and market-driven forces redistributing blue collar jobs, and shaping the economies of major cities, especially considering the international competition aspect that was alluded to earlier.

Nor would reversing these redistributional trends, the idea of "reindustrializing" the cities, and inhibiting urban economic transformation necessarily be in the long-term interest of either the cities or the national economy.

On the contrary, encouraging the return of traditional blue collar industries to urban cores may additionally saddle urban economies with stagnating or declining industries and further weaken the competitive effects of an economic position of these cities.

Indeed, efforts to assist distressed urban areas through policies that direct older industries to inner city areas where these industries could experience greater costs or lower productivity may well conflict with efforts to strengthen the national economy, upon which the health of cities is inextricably dependent.

The economic advancement of our cities and maximum job creation can best be accomplished through government programs and private sector initiatives that promote urban service industries

whose functions are consistent with the roles computer age cities most effectively perform.

Now, cities such as New York and Boston, of course, that have already adapted to their emerging service sector roles should experience renewed economic vitality. They have.

However, many urban residents who lack appropriate education or skills for these advanced service sector industries are likely to remain on the bottom of the social-economic ladder. Indeed, their economic plight could further deteriorate.

This real possibility—that is, of minority unemployment remaining intractably high and in some cases, other research I have done, shows that they have grown while the city has recovered. The minority unemployment rates have actually gone up while the economy of the city has successfully transformed and added jobs.

Representative SCHEUER. I take it that is what is happening in New York?

Mr. KASARDA. That is in fact what is happening in New York and many other cities. If you look at the growth of employment in New York, it is predominantly in Manhattan in the information processing sector. New York, during the last 6 years, has lost over 100,000 manufacturing jobs while its overall employment has gone up by 200,000. So you could see the city transforming from a center of goods production to a center of information processing. But many of the residents are outside that information processing sector, and that is the thesis.

Now, how can we address this, given the theme of your hearing here?

Well, this fact that minority unemployment rates have remained intractably high, the boat with the hole in it, together with the improbability of Government programs stimulating sufficient numbers of blue collar jobs in the cities calls for a major shift in policy emphasis.

Politically popular—but really it has been shown ineffective—jobs to people strategies and essential urban welfare programs must be better balanced with serious efforts to upgrade the education and skills of disadvantaged city residents and, I might add, following your introductory comments, Congressman, with people to job strategies that would facilitate the migration of the structurally unemployed to places where job opportunities appropriate to their skills are still expanding.

Contrary to conventional wisdom, there have been massive increases in entry level jobs nationwide during the past decade.

For example, nearly 1.8 million nonadministrative jobs were added in the food and drink industry alone between 1974 and 1984. This employment growth, the vast majority of it in entry level fast food and drink establishments, is more than twice the total number of production jobs that exist in America's automobile and steel industries combined.

So more entry level jobs were added in this one industry alone in the last 10 years than exists in all our steel and automobile industries combined.

Representative FIEDLER. May I make a comment on that?

Mr. KASARDA. Yes.

Representative FIEDLER. But the truth is that somebody who is on welfare will receive more benefits, economic and associated benefits by staying on welfare than going in to a $3.50 or $4 an hour job.

Mr. KASARDA. That is absolutely correct. That debate central to Murray's work has been going on for years. One thing you learn early on is that poor people are poor, they are not stupid. They are economically rational human beings just like you and I, and it is in their interest often to stay on welfare than to take a minimum wage job that is below their own subsistence needs.

Now, what I want to say, though, about many entry level jobs—there is the factor of experience and opportunity to contact with others that aren't in the subculture of poverty. This, of course, is very, very important and why I am so concerned about the increase in the underclass and ghettoization that is continuing in our cities—the main fact of the matter is that this entry level job expansion in such rapidly multiplying service establishments is not in our inner city areas. It occurs almost exclusively in the suburbs, exurbs, and nonmetropolitan areas far removed from the concentrations of low-skilled urban minorities.

Now, the inability of most inner city minorities to follow deconcentrating entry level jobs, either because of racial discrimination, inadequate knowledge and resources, or, as I have suggested, some possible subsidized anchoring, this is among the chief reasons, I believe, for the widening absolute gap in black/white rates of unemployment and labor force nonparticipation that has occurred since 1970, and they have been substantial, the rise in these gaps. It is also a major contributor to low-skill labor surpluses in economically transforming cities and their correspondingly high social overhead burden.

Increased mobility options are needed for the urban disadvantaged. Revised policy should be considered that might partially underwrite their more distant job searches and relocation expenses.

Additional policies must be aimed at further reducing housing and employment discrimination and other institutional impediments to the mobility of minorities who wish to leave distressed areas.

Finally, existing public assistance programs should be reviewed to ensure that they are not inadvertently attracting or bonding large numbers of disadvantaged persons to locations that offer them limited opportunities for employment.

Now, all the above, of course, that I have suggested here must be complemented by broader economic development policies fostering sustained private sector job generation. Programs assisting the education, retraining, or mobility of disadvantaged urban minorities will prove fruitless unless new and enduring jobs are available at the end of the training program or move.

So in sum, what I am saying is that the vexing dilemma that the urban underclass is facing today won't be entirely solved by these strategies or others I have mentioned today. However, without an expanding national economy, without improved education and technical training programs for the urban disadvantaged, stricter enforcement of civil rights legislation, and the mobility of the un-

derclass from economically distressed ghettos, the permanence and growth of the underclass, I fear, will be assured. Thank you.

[The prepared statement of Mr. Kasarda follows:]

PREPARED STATEMENT OF JOHN D. KASARDA

Contemporary U.S. Migration and Urban Demographic-Job Opportunity Mismatches

Spatial disparities in employment growth and corresponding migration adjustments have been constant features of our nation's development. As more efficient transportation and communication technologies evolve, modes of production organization transform, and labor and natural resource requirements of industry change, locational advantages shift, with new areas of opportunity rising while others decline. America's people, in turn, have tended to follow opportunity. This has been particularly the case for our nation's disadvantaged who historically have fled nations or regions experiencing economic distress (characterized by substantial labor surplus relative to jobs) to areas of better opportunity. Indeed, it is not fortuitous that the two great symbols of opportunity for the disadvantaged in America both represent migration--the Statue of Liberty and the covered wagon.

One consequence of the constant search of Americans for economic opportunity and a better life is that cities, suburbs, nonmetropolitan areas, and entire regions frequently have experienced uneven demographic growth. Before World War II, the metropolitan areas of the Northeast and Midwest contained the majority of the nation's industrial locational advantages. As late as 1950, more than 70 percent of all manufacturing jobs were in the Northeast and Midwest, most concentrated in and around the largest cities of the regions.

Since World War II, a number of economic, political, and technological forces have combined to accelerate industrial restructuring

and shift the nation's employment growth pole--first to the West and then to the South. The rapid post-war growth of aerospace, defense, solid-state electronics and other advanced technology industries, together with expanding construction and services, fueled the economies of the far West, especially California. Growth of these industries was instrumental in attracting over three million migrants to California alone between 1945 and 1960 (U.S. Bureau of the Census, 1975).

With diversified economic expansion continuing in the West, the region's total employment doubled from 1960 to 1985. Nevertheless, the South emerged in the 1960s as the nation's leader in absolute employment gains. Between 1960 and 1985, the South added 17 million jobs to its economy, compared to a growth of just over 11 million in the West. During the same period, the Midwest added 7.3 million and the Northeast just over 5 million jobs (Kasarda, 1986).

The South's economic surge has been attributed to its improved accessibility to national and international markets via newer interstate highway systems and expanded airports, shifting energy sources, upgraded public schools and universities, more modern physical plants, a sunny, benign climate, and relatively lower taxes and wage rates (Cobb, 1984; Goldfield, 1982). [My own research analyzing employment growth in all 3,200 U.S. counties during the 1970s and early 1980s indicates that spatial disparities in federal spending played a relatively minor role.] To these technological and financial considerations were added healthy doses of pro-growth attitudes and industrial solicitation on the part of southern states and communities (Cobb, 1982; Kasarda, 1980). Thus, while manufacturing employment in the Frostbelt (Northeast and Midwest regions)

declined by over a million jobs between 1960 and 1985, manufacturing employment in the South grew by over two million. Moreover, employment growth in southern manufacturing was far overshadowed by substantial increases in construction, trade, and services, which added more than 15 million jobs to the South's economy between 1960 and 1985 (Kasarda, 1986).

The expanding post-World War II economies of the West and the South during the past three decades sequentially attracted major streams of migrants. Net interregional migration exchanges for the past three decades presented in Table 1 reflect the nation's shifting demographic growth poles from the West to the South. Prior to 1970, the West was the net beneficiary of migration streams from all census regions. These streams were especially large during the 1950s. During the 1970s, more persons from the West began moving to the South than vice-versa, while net flows from the Northeast and Midwest to the South dramatically rose. Between 1975 and 1980, overall net migration to South doubled that to the West. Spurred by a marked increase in net flows from the Midwest, net migration to the South nearly tripled that to the West between 1980 and 1985 (1.9 million vs. 649,000). During the past 15 years, the Northeast and Midwest experienced combined net migration losses of eight million people, with the South becoming their predominant destination. Since 1980, the Midwest experienced a net migration loss of 1.5 million, of which 1.1 million may be attributed to this region's negative exchange with the South.

Another migration stream of growing importance is movers from abroad. Table 2 shows these movers by regional destination, for a series

of five-year periods between 1955-60 and 1980-85. Two broad trends are immediately apparent. First, there has been a substantial increase in the total numbers of movers to the U.S. from abroad during the past three decades. Second, since 1965, virtually all of the growth of movers from abroad has been captured by the West and the South, with the West pulling ahead of the South as the primary destination. Between 1975 and 1985, the West was the destination region of over 2.8 million movers from abroad, the South 2.3 million, the Northeast 1.7 million, and the Midwest slightly over 1 million. In fact, since 1980, the West gained over twice as many movers from abroad as it did movers from the other regions of the nation.

More detailed analysis of these data by race and ethnicity show that during the last ten years the West has received approximately 1 million Asian immigrants, more than all other regions combined. This region has also been the largest receiving region of Hispanic immigrants. The South has exhibited major increases in Hispanic immigrants during the 1980s, falling closely behind the West. The South registered increases in Asian immigrants, but still substantially trails the West as the regional destination of this group. Between the 1975-80 and 1980-85 periods, Hispanic immigrants to both the Northeast and Midwest increased modestly, while Asian immigrants to these regions declined slightly.

With increased immigration supplementing substantial internal net migration flows to the South and West, population growth in these regions has dwarfed that of the Northeast and Midwest. Table 3 describes population change in each region between 1975 and 1980 and between 1980 and 1985, by race and ethnicity. Over the past ten years, the South has

added 12.3 million residents, the West 8.8 million, the Midwest 2.2 million, and the Northeast 1.2 million. Further examination of this table shows that, between both 1975 and 1980 and 1980 and 1985, the South and West have accounted for more than 85 percent of the nation's population growth.

As an interesting aside, note that the Northeast is the only region to show an increase in absolute and proportional growth during the 1980s, compared to the latter half of the 1970s. Further observe that this increase is due entirely to an expansion of the region's black and Hispanic populations, and that the decline in nonhispanic white population in the Northeast accelerated since 1980.

There are also notable interregional differences in minority settlement patterns. Minorities continue to be far more geographically confined in the central cities of the North than in the South and West. In 1985, the percent of suburban population in the Northeast and Midwest composed of minorities was 8.9 and 6.5, respectively, compared to suburban minority percentages of 21.3 and 26.3 in the South and West. Similarly, nonmetropolitan minority percentages in the Northeast and Midwest were only 4.1 and 3.7, compared to 21.3 and 18.0 in the South and West. Moreover, between 1975 and 1985, most minority immigrants to the Northeast and Midwest settled in the central cities of metropolitan areas, whereas in the South and West, most have settled in the suburban rings and nonmetropolitan areas. Such settlement patterns, we will see momentarily, have important implications for entry level job opportunities for minorities.

Table 4 describes overall racial and ethnic population changes in

the central cities, suburban rings, and nonmetropolitan areas of each region between 1975 and 1985. These data reveal continuing huge losses of nonhispanic whites in central cities of the North and their partial replacement through minority increases. Especially striking is the large increases in blacks in the central cities of the Northeast and Midwest just at a time that their blue-collar job bases were shrinking.

Table 5 shows the changing sizes and demographic compositions of six major northern cities for which estimates could be obtained from the 1985 Current Population Survey machine-readable files. The 1985 estimates indicate that the overall population declines during recent decades of the north's two largest cities, New York and Chicago, have ended. Both, in fact, exhibited small population gains between 1980 and 1985. The other four major cities continued to lose population during the 1980s.

What is at least as important as total size changes, however, is the components of the changes. The exodus of nonhispanic whites from the six major cities continued apace during the 1980s. At the same time, all except Baltimore and Philadelphia registered gains in their minority populations. By 1985, the central city minority proportions were 46 percent in Philadelphia, 53 percent in Baltimore, 54 percent in New York, 55 percent in Cleveland, 61 percent in Chicago, and 72 percent in Detroit. (All 1985 estimates are based on a sample only.)

The absolute changes in central city racial-ethnic components during the past 15 years reveal some striking figures. Since 1970, Detroit has lost 500,000 nonhispanic whites (over 60 percent of its nonhispanic white population), while Cleveland lost one-half of its white population. New

York City lost nearly 1.7 million nonhispanic whites during the past 15 years, which is greater than the current absolute size of all but two other U.S. cities (Chicago and Los Angeles). At the same time, New York's minority population expanded by more than 1.15 million, which is larger than all but four U.S. cities (Chicago, Los Angeles, Philadelphia, and Houston). Detroit and Chicago, despite losing over 40 percent of their manufacturing jobs during the 1970s and early 1980s added substantial numbers of blacks.

Demographic changes in major northern cities thus have been in direct conflict with changes in these cities' job opportunity structures. There have been precipitous declines in blue-collar jobs in northern central city industries that traditionally sustained large numbers of minorities and offered them entry into the economic mainstream. These blue-collar job losses have been partially replaced by growth of information processing industries with educational and skill requirements that preclude access by large numbers of educationally disadvantaged urban minorities.

Table 6 describes the rise of information processing industries (and corresponding decline in other industries) for four large northern cities where industry-specific employment data are provided by the Department of Commerce, County Business Patterns annual publication. To assemble this table, I categorized industries in terms of the percentage of employees in each industry who were classified as executives, managerial, professional, and clerical using Bureau of the Census Industry by Occupation matrices for the year 1978. Table 6 reveals that industries where more than 60 percent of their employees perform executive,

managerial, professional, or clerical functions have expanded dramatically since 1970 in all four cities. At the same time, industries with under 60 percent employed in these information processing functions substantially contracted in each city. New York City and Boston experienced particularly sharp rises in their employment in predominantly information processing industries. By 1984, 53 percent of Boston's employment and 45 percent of New York City's employment were in industries predominantly made up of executives, managers, professionals, and clerical workers.

Another way to monitor urban industrial transformation and changing educational requirements for employment is to classify employment change for industries in terms of the mean education completed by industry jobholders. Using the 1982 Current Population Survey files, I computed the mean level of education held by jobholders in 1, 2, and 3 digit S.I.C. industries. Two categories of industries were then selected: 1) those whose jobholder education levels in 1982 averaged less than 12 years of schooling (i.e., high school not completed), and 2) industries whose jobholders averaged more than 13 years of schooling (i.e., employees, on average, had acquired some higher education).

Table 7 presents the industry by education job changes for the same four cities discussed above. The table reveals that each city had consistent employment losses in industries with lower education requisites and that the largest losses of employment occurred in such industries after 1970. New York city, for example, lost nearly 500,000 jobs between 1970 and 1984 in those industries where the average education of jobholders is less than high school completed. Conversely,

all cities showed marked growth in industries where jobholders typically had completed education beyond high school. For example, jobs in such industries in New York City rose from 682,000 in 1959 to 1.2 million in 1984.

The growth of information processing and other high education requisite industries in major northern cities and corresponding employment declines in lower-education requisite industries has consequences for large numbers of minority residents in large northern cities. This is because substantially larger proportions of city minority residents (especially blacks and Hispanics) lack the formal schooling to take advantage of information processing jobs expanding in the cities. To illustrate this structural disadvantage, Table 8 presents data on years of schooling completed by white and black males aged 16-64 in metropolitan central cities in the Northeast and Midwest in 1985.

Bearing in mind earlier data on demographic and employment changes in large northern cities during the past 15 years, note that the modal category of education completed by white males in northern cities is "attended college one year or more." The smallest representative category for white males residing in northern cities is "did not complete high school." The education completed distribution of whites is therefore consistent with the distribution of job changes classified by education.

The opposite educational distributions hold for black males residing in central cities of the North. Black males (over age 16) are most concentrated in the education completed category where urban employment opportunities declined the fastest during the past 15 years (i.e., less

than high school, see Table 7) and least represented in that category where northern central city employment has expanded most since 1970. The outcome, to reiterate, is a substantial mismatch between the education distribution of minority residents of large northern cities and the educational qualifications required in transforming urban employment bases. This is one critical reason, I submit, why unemployment rates among central city blacks are much higher than those of central city white residents, and why black unemployment rates have not responded well to economic recovery in many northern cities. That there are increasing job opportunities for accountants, stockbrokers, corporate lawyers, and other knowledge-intensive occupations in these cities is of little comfort to the unemployed high school dropout.

The seemingly dysfunctional growth of underprivileged minority populations in major northern cities at a time that these cities are experiencing contractions in lower-skilled jobs raises the policy question: What is continuing to attract and/or hold large numbers of lesser skilled minorities in these cities? For sure, such factors as racial discrimination, lack of sufficient lower income housing in outlying areas, and dependence of low income minorities on public transportation account for a significant part of the explanation.

I have suggested elsewhere (1980, 1985) that certain federal policies, though well intentioned, may also be partially responsible by anchoring disadvantaged minorities in areas of long-term, blue-collar job decline. These policies are based on the seemingly reasonable principle of spatially targeting public assistance, whereby urban areas of greatest economic distress receive the largest allocations of funds for public

housing, community nutritional and health care, and other locationally-linked government aid. Formula-based community assistance programs have also been introduced such that the greater a locality's employment loss or other indicator of economic distress, the more federal aid it could receive (U.S. Department of Housing and Urban Development, 1980). Thus, as the blue-collar employment bases of cities contracted, a growing urban welfare economy evolved, serving as a partial subsistence surrogate for the economically disadvantaged (for data, see Kasarda, 1985).

This is certainly not meant to imply that targeted government aid to people and places in distress is unnecessary or without solid merit. Most urban welfare programs have had imperative palliative effects, temporarily relieving some very painful symptoms associated with the departure of blue-collar jobs (such as the inability of the unemployed to afford housing payments or adequate nutritional and health care). However, while some success has been achieved in relieving such pains, the disequilibrium in many cities between the supply and demand for low-skill labor grows worse.

This demographic disequilibrium, sustained in part by government subsidies, works against the long-term economic health of cities and their structurally unemployed residents. Imagine, for instance, what would have happened in the first half of this century if the great numbers of displaced southerners who migrated to economically expanding northern cities in search of jobs and a better life had been sustained in their distressed localities by public assistance. It is possible that most would never have moved and that the significant advances in income

levels and living standards that both the South and their outmigrants experienced would not have occurred.

Circumstances today are analogous, but regionally the reverse. Many northern cities are now characterized by excesses of structurally displaced labor as their economies transform. To address this problem, some have suggested a national development bank, a reconstruction finance corporation, enterprise zones, or government-business-labor partnerships, which might "reindustrialize" these areas or otherwise rebuild their historic employment bases. Such suggestions are as unrealistic as they are nostalgic. Government subsidies, tax incentives, and regulatory relief contained in existing and proposed federal policies are not nearly sufficient to overcome technological and market-driven forces redistributing blue-collar jobs and shaping the economies of the major cities. Nor would reversing these redistributional trends and inhibiting urban economic transformation necessarily be in the longer-term interest of either the cities or the national economy.

On the contrary, encouraging the return of traditional blue-collar industries to urban core areas may additionally saddle urban economies with stagnating or declining industries and further weaken the competitive economic position of cities. Indeed, efforts to assist distressed urban areas through policies that direct older industries to the inner cities where these industries could experience greater costs or lower productivity may well conflict with efforts to strengthen the national economy upon which the health of the cities is inextricably dependent. Economic advancement of cities and maximum job creation can best be accomplished through government programs and private-sector

initiatives that promote urban service industries whose functions are consistent with the roles computer-age cities most effectively perform.

Cities that adapt to their emerging service sector roles should experience renewed economic vitality. However, many urban residents who lack appropriate education or skills for advanced service sector industries are likely to remain on the bottom rungs of the socioeconomic ladder. Indeed, their economic plight could further deteriorate. This real possibility under transforming (and possibly even growing) city economies, together with the improbability of government programs stimulating sufficient numbers of blue-collar jobs in cities, calls for a shift in policy emphasis. Politically popular (but ineffective) jobs-to-people strategies and essential urban welfare programs must be better balanced with serious efforts to upgrade the education and skills of disadvantaged city residents and with people-to-jobs strategies that would facilitate the migration of the structurally unemployed to places where job opportunities appropriate to their skills are still expanding. Contrary to conventional wisdom, there have been massive increases in entry-level jobs nationwide during the past decade. For example, nearly 1.8 million nonadministrative jobs were added in the food and drink industry alone between 1974 and 1984. This employment growth, the vast majority at the entry level in fast food and drink establishments, is more than twice the total number of production jobs that exist in America's automobile manufacturing and iron and steel industries combined. Unfortunately, entry-level job expansion in such rapidly multiplying service establishments has occurred almost exclusively in the suburbs, exurbs, and nonmetropolitan areas, far removed from

concentrations of low-skill urban minorities.

The inability of most inner-city minorities to follow decentralizing entry-level jobs (either because of racial discrimination, inadequate knowledge and resources, or subsidized anchoring) is among the chief reasons for a widening absolute gap in black-white rates of unemployment and labor force nonparticipation that has occurred since 1970 (Kasarda, 1985). It is also a major contributor to rising low-skill labor surpluses in economically transforming cities and their correspondingly high social overhead burdens.

To increase mobility options of the urban disadvantaged, revised policies should be considered that might partially underwrite their more distant job searches and relocation expenses. Additional policies must be aimed at further reducing housing and employment discrimination and other institutional impediments to the mobility of minorities who wish to leave distressed inner city areas. Finally, existing public assistance programs should be reviewed to ensure that they are not inadvertently attracting or bonding large numbers of disadvantaged persons to locations that offer limited opportunities for employment.

All of the above, of course, must be complemented by broader economic development policies fostering sustained private-sector job generation. Programs assisting the education, retraining, or mobility of disadvantaged urban minorities will prove fruitless unless new and enduring jobs are available at the end of the training programs or moves.

The vexing dilemma of the urban underclass will certainly not be entirely solved by these and other strategies I've mentioned today. However, without an expanding national economy, improved education and

technical training programs for the urban disadvantaged, stricter enforcement of civil rights legislation, and the mobility of the underclass from economically distressed ghettos, its permanence and growth will be assured.

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Table 1: Net Interregional Migration Flows, 1955 to 1985

Regional Migration Exchanges	Net Migration in Thousands				
	1955-60[1]	1965-70[2]	1970-75[3]	1975-80[4]	1980-85[4]
South: Net Exchange With					
Northeast	+314	+438	+964	+945	+737
North Central	+122	+275	+790	+813	+1,100
West	-380	-56	+75	+176	+60
Total Other Regions	+56	+657	+1,829	+1,935	+1,897
West: Net Exchange With					
Northeast	+285	+224	+311	+518	+234
North Central	+760	+415	+472	+634	+475
South	+380	+56	-75	-176	-60
Total Other Regions	+1,425	+695	+708	+976	+649
Midwest: Net Exchange With					
Northeast	+40	+53	+67	+146	+50
South	-122	-275	-790	-813	-1,100
West	-760	-415	-472	-634	-475
Total Other Regions	-842	-637	-1,195	-1,302	-1,525
Northeast: Net Exchange With					
North Central	-40	-53	-67	-146	-50
South	-314	-438	-964	-945	-737
West	-285	-224	-311	-518	-234
Total Other Regions	-639	-715	-1,342	-1,609	-1,022

[1]U.S. Census of Population, Vol 1, U.S. Summary 1960: Table 237

[2]U.S. Census of Population, 1970 Vol 1, U.S. Summary: Table 274

[3]Mobility of the Population of the U.S.: March 1970 to March 1975, Series P-20, No. 285 in Current Population Reports

[4]Current Population Survey machine-readable files 1980, 1985

Table 2

Movers from Abroad, in thousands

	1955-60	1965-70	1970-75	1975-80	1980-85
NORTHEAST	392	821	903	861	832
MIDWEST	361	440	638	590	458
SOUTH	505	740	1082	1164	1181
WEST	545	697	980	1474	1388

1. U.S. Census of Population 1960, Vol. 1 table 237
2. U.S. Census of Population 1970, Vol. 1
3. Mobility of the Population ofthe U.S.: March 1970 to 1975 Current Population Report P-20, no. 285
4. Current Population Survey, March 1980, machine readable files
5. Current Population Survey, March 1985, machine readable files

Table 3

ABSOLUTE AND PERCENT CHANGE IN U.S. POPULATION BY REGION AND RACE/ETHNICITY : 1975 TO 1980
(in thousands)

	NORTHEAST	MIDWEST	SOUTH	WEST
TOTAL POPULATION				
Absolute change	433	1363	7109	4806
Percent change	0.9	2.4	10.6	12.6
WHITE, NON-HISPANIC				
Absolute change	-160	288	4904	2590
Percent change	-0.4	0.6	9.7	8.9
BLACK, NON-HISPANIC				
Absolute change	316	537	1109	133
Percent change	7.3	11.2	8.9	6.4
ASIAN AND OTHER				
Absolute change	238	404	316	985
Percent change	49.7	184.5	61.2	51.2
HISPANIC				
Absolute change	41	134	780	1098
Percent change	1.8	14.2	23	23.6

ABSOLUTE AND PERCENT CHANGE IN U.S. POPULATION BY REGION AND RACE/ETHNICITY : 1980 TO 1985
(in thousands)

	NORTHEAST	MIDWEST	SOUTH	WEST
TOTAL POPULATION				
Absolute change	784	835	5212	4076
Percent change	1.6	1.6	7.0	9.6
WHITE, NON-HISPANIC				
Absolute change	-554	55	2376	1770
Percent change	-1.4	0.1	4.3	5.6
BLACK, NON-HISPANIC				
Absolute change	475	241	1353	64
Percent change	10.3	4.5	10.0	2.9
ASIAN AND OTHER				
Absolute change	90	195	296	976
Percent change	12.6	31.3	35.6	33.6
HISPANIC				
Absolute change	773	344	1187	1266
Percent change	32.6	31.9	28.5	22.0

Source: U.S. Bureau of the Census, Current Population Survey, 1975, 1980, and 1985 machine-readable files.

Table 4

POPULATION CHANGE IN CENTRAL CITIES, SUBURBAN RINGS, NONMETROPOLITAN AREAS BY REGION AND RACE : 1975 to 1985
(in thousands)

	NORTHEAST	MIDWEST	SOUTH	WEST
TOTAL	1975-1985	1975-1985	1975-1985	1975-1985
Central City	-451	-82	1312	2593
Suburban Ring	1098	1846	6857	4510
Nonmetropolitan	572	434	4152	1779
WHITE NON-HISPANIC				
Central City	-1742	-1194	-185	894
Suburban Ring	617	1306	4147	2235
Nonmetropolitan	411	231	3318	1231
BLACK NON-HISPANIC				
Central City	464	747	261	-76
Suburban Ring	300	46	1530	304
Nonmetropolitan	27	-15	671	-31
ASIAN AND OTHER				
Central City	196	116	178	710
Suburban Ring	35	307	335	719
Nonmetropolitan	97	176	99	532
HISPANIC				
Central City	631	249	1058	1065
Suburban Ring	146	187	845	1252
Nonmetropolitan	37	42	64	47

Table 5

Population Size and Composition of Major Northern Central Cities, 1970, 1980, 1985 (1985 Estimates Are Based On a Sample--Interpret With Caution)

Figures in thousands

Central City	Total Population	Non-Hispanic Whites	Non-Hispanic Blacks	Non-Hispanic Other*	Hispanic Population	Total Minority	Percent Minority
NEW YORK							
1970	7,895	5,062	1,518	113	1,202	2,833	36
1980	7,072	3,669	1,694	303	1,406	3,403	48
1985	7,380	3,393	1,840	325	1,822	3,987	54
PHILADELPHIA							
1970	1,949	1,247	646	11	45	702	36
1980	1,688	963	633	28	64	725	43
1985	1,503	812	610	15	66	691	46
BALTIMORE							
1970	906	475	416	5	9	431	48
1980	787	342	428	9	8	445	57
1985	715	335	370	7	3	379	53
CHICAGO							
1970	3,363	1,999	1,076	40	248	1,364	41
1980	3,005	1,300	1,188	96	422	1,706	57
1985	3,083	1,208	1,226	110	539	1,875	61
DETROIT							
1970	1,511	820	652	9	30	691	46
1980	1,203	402	754	18	29	801	67
1985	1,131	321	769	17	23	809	72
CLEVELAND							
1970	751	447	285	4	15	304	40
1980	574	300	250	7	18	274	48
1985	545	244	279	3	19	301	55

Source: Machine-readable files of the 1970 and 1980 U.S. Census of Population and 1985 Current Population Survey

Table 6

Central City Industry Employment by Percent Employment in Industry Classified as Information Processors; 1970 - 1984 (figures in thousands)

CITY and INDUSTRY TYPE*	1970 Number	1970 %	1984 Number	1984 %	Change 1970-84 Number	Change 1970-84 %
NEW YORK						
Industries with over 60% I.P.	946	28.0%	1,340	45.4%	394	41.6%
All other industries	2,404	71.8%	1,613	54.6%	-791	-32.9%
PHILADELPHIA						
Industries with over 60% I.P.	208	26.9%	254	42.5%	46	22.1%
All other industries	564	73.1%	343	57.5%	-221	-39.2%
BALTIMORE						
Industries with over 60% I.P.	95	25.5%	120	39.5%	25	26.3%
All other industries	277	74.5%	184	60.5%	-93	-33.6%
BOSTON						
Industries with over 60% I.P.	189	40.7%	256	53.2%	67	35.4%
All other industries	276	59.3%	225	46.8%	-51	-18.5%

*Information processing determined by percent of industry employees classified as executives, managerial, professional, and clerical.

Source: U.S. Bureau of the Census, County Business Patterns, 1974-1984 and The National Industry-Occupation Employment Matrix for 1978.

Table 7

Central City Jobs in Industries, by Mean Education of Employees, 1959, 1970, 1984
Figures in thousands

City and Educ. Mean of Industry	Number of Jobs			Change	
	1959	1970	1984	1959-70	1970-84
NEW YORK					
Less than high school	1,449	1,445	953	-4	-492
Some college	682	1,002	1,241	320	239
PHILADELPHIA					
Less than high school	434	396	224	-39	-172
Some college	135	205	244	70	39
BALTIMORE					
Less than high school	215	187	114	-28	-73
Some college	59	90	105	32	15
BOSTON					
Less than high school	176	168	124	-8	-49
Some college	117	185	252	68	67

Source: U.S. Bureau of the Census, County Business Patterns and Current Population Survey machine-readable files.

Table 8

Number of Central City Residents in Northeast and Midwest Aged 16-64 by Race and Years of School Completed, 1985

Race and Schooling	Region	
	Northeast	Midwest
White Males		
Did not complete high school	944,964	743,105
Completed high school only	1,096,986	1,136,702
Attended college one year or more	1,205,944	1,291,168
Black Males		
Did not complete high school	455,349	479,141
Completed high school only	366,932	404,121
Attended college one year or more	234,723	352,993

Source: U.S. Bureau of the Census, Current Population Survey, March 1985 machine-readable file.

Representative SCHEUER. Well, you have given us a lot to chew on.

Do you have any questions?

Representative FIEDLER. I have represented the entire city of Los Angeles, and I have spent a fair amount of time as a Member of Congress looking at problems related to the development of jobs in a heavily urban impacted area with large numbers of low-economic people.

And I have come to the conclusion that unless we make welfare less attractive and at the same time develop educational opportunities in conjunction with the private sector to help encourage upwardly mobile jobs—the MacDonald's job is not a job that someone on welfare is going to want to take because it does not provide them the economic base with which to move up and out of their existing situation—that unless we provide a program which individually provides counseling programs for these young people, many of them young women on welfare because of their situation in relationship to raising young people, real serious counseling problems, unless we work that in conjunction with the private sector for jobs that actually exist for real people who can be trained in conjunction with benefits the Government might offer as a special inducement, then we are not going to move these cores of people out because they are more comfortable where they are, given the commonality of interests, which is true of all groups, whether there is discrimination or no discrimination.

People will tend to flock to areas where they feel very comfortable, where they have an understanding of the cultural climate in which they live, and unless we do that we are going to continue to see an expansion of the welfare problems just exactly as we have seen the same problems that exist within the farm community.

We added more money, encouraged people to develop products and goods for which there were no markets, we expanded that community, and yet ultimately we are leading them toward a decline.

And there are creative ways in which you can talk about this, but the truth is that these people must be better educated and there must be a coordination, and I frankly have come to the conclusion that unless we have government taking the lead—and I am talking about local government, because it is the local government that knows those communities and those people better than any other group, while the Federal Government cannot provide the knowledge, the insights to what might work in a local situation, and unless we help to develop the leadership in those areas we are not going to make the progress that is absolutely essential.

Mr. KASARDA. Well, Congresswoman, I agree with most of what you have to say. I would comment on the entry level job aspect.

Those people that are displaced want entry level jobs. Such jobs are not in the inner-city areas.

There was an article in the Baltimore Sun, oh, about a year or so ago that showed a line of 10,000 minority people lined up to get $7,000 a year entry level jobs in the Post Office in Baltimore.

What these entry level jobs do is they might not provide sufficient wages but they provide job experience, which is so important a stepping stone.

There is a theory in sociology and economics that is camp today, that is trendy, called dual labor market theory. I think you have probably heard about it, the idea that you have these dead-end jobs and the other high, fast track jobs.

If you look at the jobs that our grandparents took when they came into this country, almost all of them would in dual labor market theory be classified as dead-end. They weren't. The job might have been dead-end, but the individual was not.

And the situation is that what these jobs do is they provide people with the experience of working in an environment where cooperation is necessary. You learn how to take directives. You learn punctuality.

A situation that I studied in the south side of Chicago in the Woodlawn community is of an AFDC household with no husband present, where there is nobody who gets up in the morning at 5:30, 6 o'clock, 7 o'clock, gets dressed and goes to work on a regular basis. When the child goes to school, if he or she is tardy, delinquent truant, what have you, nothing is done. They are pushed from grade to grade. They might get a degree, but not an education.

How do you expect that young person, when he or she is 17 or 18 years of age, to have developed the intrapersonal skills that today are at least as important as the technical skills in obtaining and then holding a job?

Representative SCHEUER. The time is getting late. We are going to have to wind this up pretty soon.

Let me ask you, if people are moving from the east coast and the Midwest to the South and the West, because they think the economic opportunities are better, what public policies should we adopt in the East and the Midwest to reverse this trend? In other words, what is the West and the South, the Sun Belt, doing right that we are not doing at all or we're doing poorly?

Mr. KASARDA. Well, one of the issues that comes out is called "business climate." The Northeast and the Midwest have been making major strides in the last 2 or 3 years in that regard, but job growth has been driven by a variety of factors, some of them structural and ecological, some of it climatically oriented, but much of it has to with the overall business climate that was provided in the South and the West dealing with wages, taxes, business regulations, government support and incentive. You can see job growth is now turning around in the Northeast. As a matter of fact, much of the Northeast is facing what we know as labor force squeeze.

In Massachusetts, for example, jobs are increasing faster than available labor. In fact, you are having a situation that is driving up wages further, which may come back to equilibrate their future gains.

So the best policy would be one of economic development. People tend to follow opportunities. Much of the Northeast has successfully transformed from a goods producing to a service economy, and this is being reflected in their revitalization. The Midwest is much slower in coming around in this economic transition, as our earlier commentators noted. The fact of the matter is that the best policy to slow outmigration and to regain the flows of immigrants is to

create the conditions that attract migrants, which is jobs across all levels, entry level to the most knowledge intensive.

So a policy that is conducive to economic development in those areas will be the most effective magnet to reversing the flows of people to other regions.

Representative SCHEUER. Now there apparently has been a job pull in two directions, one from the Northeast and the Midwest to the South, the Southwest and the West.

The other in the Northeast and the Midwest, from the central city to the suburbs; right?

Mr. KASARDA. That is true, although some of the cities in the Northeast in the last 2 or 3 years have experienced remarkable employment gains. This is just in the last 2 or 3 years, but in the last 20 years, certainly, the shift has been outward from the city to the suburbs.

Representative SCHEUER. All right. Let me ask two questions. First, are Federal Government policies or programs responsible for the pulling away of people in jobs from the Northeast and the Midwest to the Sun Belt, the South, the Southwest and the South?

Mr. KASARDA. The work that I have been doing on community competition for jobs during national business cycles, which is a shift-share analysis of employment change in all 3,200 counties, shows that the Federal Government role, at least in terms of expenditure patterns for R&D, defense, tax exchange, that is the flow of taxes out of Washington to the area versus the return flow, have had relatively minor effects on job growth.

The conventional wisdom is that the Federal Government has been instrumental in this shift through biased, spatially biased, regionally biased policies. The analysis that I have done shows it does have some effect, but not nearly to the extent that many people claim it does, primarily because the analyses in the past did not take into account subcontracting—such as when Lockheed in southern California got a huge grant to build a particular airplane, what have you, say billions of dollars. That was entirely allocated to that particular county in southern California. It did not include the subcontractors—the machine shops and suppliers were subcontracted out to Michigan, Illinois, and other States.

It is a very, very complex issue.

Representative SCHEUER. Some of that subcontracting does reach the Midwest.

Mr. KASARDA. Yes.

Representative SCHEUER. Does it reach the East?

Mr. KASARDA. It certainly reaches the East. There have been people that have argued that part of the recovery of the Northeast has been due to the rise in the defense budget, particularly Connecticut and Massachusetts.

Representative SCHEUER. Let me ask another question, and I think we are going to have to wind this up.

There is a trend of increasing entry level jobs in the suburbs and increasing jobs that require a higher level of skills for these communications industries, the growth of the communication industries in the central cities.

Now what do we do? Do we raise the river or do we lower the water? In other words, do we take this unemployed predominantly

black and Hispanic population in New York that we are deeply concerned about. Do we concentrate on a transportation approach and move them to where the entry level jobs are in the suburbs, or do we look at what the most recent trends are that you have outlined to us, which are a resurgence of the city and say, "No, they're in the center of the city. Over the long pull, three-quarters or more of new jobs are going to require postsecondary skills. We are going to upgrade their training, so that they can fill the jobs that are there. There is no reason to consider them permanent second-class citizens, so that we have to factor them always to where the entry level, realistically dead-end jobs are."

Now I don't want to answer the question the way I have asked it. I've done a little editorializing in the way I have posed the question.

What do we do? Do we take them from where the dead-end jobs are and maybe subsidize some transportation to where the entry-level jobs are and use Federal funds to subsidizing transportation, or do we use whatever Federal, State, and local funds we have to upgrade their education and skills, so they can fill the jobs that exist and promise to be in abundance in the central cities?

Mr. KASARDA. Congressman, it depends on the timeframe that you are looking at. Over the short term, entry level jobs are continuing to decline in the cities. As I mentioned, the growth in jobs and the resurgence of cities such as New York and Boston have been primarily in those sectors that do require substantial education and training.

So you are not talking about a policy that is going to have an impact in 2, 5, and possibly even 8 years. You are talking about an education policy that might take an entire generation. So it is the timeframe. Yes, it would be best to upgrade the quality of the education skills, so there was a better match between the people who exist there and the job opportunities that are expanding, but education is truly a long-term process, and we have a pressing short-term problem of very, very high minority unemployment rates, pockets of unemployment.

This, in turn, has negative spinoff effects, because industry is hesitant to invest in areas where there is large concentrations of poor, because of the social problems that are associated with high concentrations of unemployed. It is just more expensive for them to locate there. So you are talking about tinkering with the market on one hand, another addressing the people issue.

Of course, I would concur, the best approach, certainly, in the long term is to provide the education and skills, so that they can have access to the new jobs, new urban growth industries in the cities, but realistically, that cannot occur in 2 or 5 years, and we have a problem right now, and certainly, it is going to remain in the near future. So the issue is, how long is the timeframe? And, of course, we should work on this immediately. Boston, for example, has introduced a program working with the private sector to encourage youngsters to stay in school and obtain the skills that these industries need. Such programs, I think, can be highly effective.

Representative SCHEUER. Well, we have been here far longer than we expected to.

Do you have a final word?

Representative FIEDLER. Mr. Brown has been anxious to say something.

Representative SCHEUER. Very briefly.

Mr. BROWN. Yes, I want to express myself to this issue of welfare and entry level jobs. I do believe that most people, given a choice, would prefer to work, and I think people do recognize the importance of gaining skills on the job over and above whatever income that they earn, but people are caught in between here. It is not an either/or situation.

I think we have really oversimplified it, and that is really a disservice. When you take an entry level job and you make $5,000 a year or $7,000 a year, there is a very heavy tax on your welfare benefit and/or on the eligibility for particular programs.

I think the more realistic situation is to look at what happens, the tradeoff between taking the entry level job or the low-wage job and having some continued, albeit it perhaps reduced eligibility, for a welfare program. And there is a wealth of social science research done by the Poverty Institute at the University of Wisconsin on the negative income tax studies, both in urban and rural areas that demonstrate a lot of this, and I think that we ought to look back at that to get some idea of how to mesh together both public assistance and participation in the labor force so that people can develop skills, while at the same time supporting their families to get into the economic mainstream.

Representative FIEDLER. I agree with you wholeheartedly. I think that you have to be able to provide that bridge, which right now does not exist. I happen to have a staff member who is on dialysis twice a week, and we took her from the disabled list. She started as a volunteer initially and then decided that she wanted to go work, and we put her on, and she was able to take care of herself and still contribute, but we had to go to extraordinary means to help her still qualify for the dialysis under the existing programs, because obviously, no matter how much she earned, she couldn't possibly afford to pay for that in the private sector.

Representative SCHEUER. Okay. This has been a splendid hearing, and we thank you all.

This is the seventh and last of this year's hearings on America's demographic future. They have been, to my mind, absolutely fascinating. We may have some more next year, but at least this brings to a rather artistic conclusion, I think, this year's hearings.

I want to thank again the members of the Population Resource Center, starting with Bruce Schearer, the president, and the staffers, Nancy McConnell, Susan Lewis, and Leon Bouvier of the Population Reference Bureau. They have helped us magnificently, and we are terribly grateful to them. They have rendered truly an outstanding public service, and we are very grateful.

This concludes this hearing. We are grateful to you for your patience, for your forbearance, and for your splendid testimony.

[Whereupon, at 1:05 p.m., the subcommittee adjourned, subject to the call of the Chair.]

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